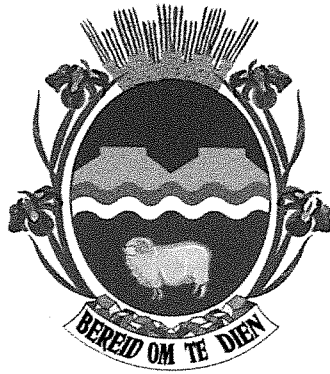




FINAL

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

2019/2020 – 2021/2022

HANTAM MUNICIPALITY: NC065

1. ANNUAL CONCEPT BUDGET 2019/2020

1.1 FOREWORD OF THE MAYOR

The council have a difficult task ahead to turn this municipality around to be again one of the best municipalities in the Northern-Cape. The preparation of the 2019/2020 budget was difficult as we have to take the elections in consideration as well as to made the municipality profitable and to build a cash reserve.

The municipality also feels the result of the drought that is the biggest drought in nearly 60 years in this area. Water restrictions are still in place to help save water. We are very thankful for the donators of water to our area. The water project in Loeriesfontein is completed and the project in Brandvlei commence in this year and will be completed over a period of three years.

The huge amount of outstanding Debtors is a priority to the council and this must get urgent attention in the new year. The average payment percentage for the past nine(9) months are 80 percent.

We budget for total revenue of R161 810 633 and expenditure of R121 195 237 which leave us with a surplus of R40 615 396. Including in the R161 810 633 is the capital grants amounting to R51 963 000.

The criteria to qualify for indigent subsidy increased from R4 740 to R4 990 and the monthly contribution from R290 to R320 per month.

The tariff increases are as follows:

✓ Property Rates	6.0 percent
✓ Electricity	9.41 percent (Nersa Proposal)
✓ Water	10.0 percent
✓ Waste Water	10.0 percent
✓ Refuse Removal	10.0 percent

1. We will implement a new valuation roll from 1 July 2019 and the overall values increased by an average of 32.40%. The period to lodge appeals expire 5 April 2019 and therefore the budget will be amended in the final budget. The new values will help us to increase our cash flow.
2. The increase in electricity is control by NERSA, but we receive a letter from ESCOM that our bulk purchases will increase with 15.63%. This increase will made it more difficult for us to made a surplus on our electricity.

3. The increase of 10% in the other service is to made our tariffs more cost reflective and also to maintain our assets. Master maintenance plans will be developed over the next three years in order to maintain our assets like roads and all infrastructure.

The following subsidies are gazette for the Hantam Municipality

	2019/2020	2020/2021	2021/2022
Equitable Share	24 746 000	26 454 000	28 337 000
Financial Management	1 970 000	1 970 000	1 970 000
EPWP	1 595 000		
MIG	9 760 000	10 047 000	10 460 000
RBIG	21 503 000	7 256 000	8 000 000
Electrification Grant	700 000	1 920 000	2 026 000
WSIG	20 000 000		
Library	1 080 000		

In the Annual budget we budget for an increase of 6.9% for salaries, but we received the letter from the bargaining council which state an increase of 6.5%.

We budget for the following vacant posts:

- Communication Official
- Receptionist/Customer Care
- LED Clerk
- HR Clerk
- 3 x Process Controllers
- IT Official
- Secretary – Municipal Manager

CAPITAL	2019/2020
1 x LDV Bakkie	300 000
1 x LDV Bakkie	300 000
1 x LDV Bakkie	300 000
1 x LDV Bakkie	300 000
4x4 Tractor	600 000
Recorder	1 500
Camera	7 000
Telephone System	300 000
PH Water Meters	100 000
Calvinia Water	20 000 000
Sportfields	9 760 000
Brandvlei Water	21 503 000
Klank Stelsel	150 000
Yskas	3 000
Toerusting	60 000
Argiewe Colaborator System	400 000
Afdakke Begraafplaas	10 000
Shredder Argief	10 000
Kateder	5 000
Voertuig BM	600 000
Stoele IDP	1 500
Kabinette x 2	5 000
Rekenaartoerusting	20 000
Electricity Ring-Man Units	700 000
	55 436 000

CLLR. R.N. SWARTZ
MAYOR

1.2 Council Resolution

On 30 May 2019 the Council of Hantam Municipality met in the Council Chambers of the Municipality to consider the Annual Budget of the Municipality for the 2019/2020 financial year. The Council approved and adopt the following resolutions:

1. The Council of Hantam Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1 The annual budget of the municipality for the financial year 2019/2020 and the multi-year and single-year capital appropriations set out in the following tables:
 - 1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification)
 - 1.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - 1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type)
 - 1.1.4 Multi-Year and single-year capital appropriations by municipal vote and standard classification and associated funding by source
 - 1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1 Budgeted Financial Position
 - 1.2.2 Budgeted Cash Flow
 - 1.2.3 Cash-Backed Reserves and accumulated surplus reconciliation
 - 1.2.4 Asset Management and
 - 1.2.5 Basic Service Delivery measurement
2. The Council of Hantam Local Municipality, acting in terms of section 75A of the Local Government Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2019:
 - 2.1. the tariffs for property rates
 - 2.2. the tariffs for electricity
 - 2.3. the tariffs for the supply of water
 - 2.4. The tariffs for sanitation services
 - 2.5. the tariffs for solid waste services
3. The Council of Hantam Local Municipality, acting in terms of section 75A of the Local Government Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2019 the tariffs for other services.

4. To give proper effect to the municipality's annual budget, the Council of Hantam Municipality approves:

- 4.1 That cash backing is implemented through the utilization of a portion of the revenue from property rates to ensure that all capital reserves and provisions, unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

5. The following budget related policies were approved by council:

Property Rates Policy
Tariff Policy
Credit Control and Debt Collection Policy
Indigent Policy
Supply Chain Management Policy
Infrastructure Procurement and Delivery Management Policy
Virement Policy
Fraud Prevention Plan
Funds and Reserve Policy
Travel and Subsistence Policy
Long Term Financial Planning and Implementation Policy
Investment Policy

1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality business and service delivery priorities were reviewed as part of this year's planning and budget process.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers.

National Treasury's MFMA Circular No.58, 66, 67, 70, 72, 78, 79, 85, 86, 89, 91, 93 and 94 were used to guide the compilation of the 2019/20 MTREF.

The main challenges experienced during the compilation of the 2019/20 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;

- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.
- The new formula of the equitable share put a huge burden on the tariffs.
- Setting cost reflective tariffs.

The following budget principles and guidelines directly informed the compilation of the annual budget for 2019/20 MTREF:

- The 2018/19 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Draft Budget were adopted as the upper limits for the new baselines for the 2019/20 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of refuse removal and water. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- An upper limit of expenditure was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritize expenditures:
 - Refreshments and entertainment
 - Subsistence and Travelling.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2019/20 Medium-term Revenue and Expenditure Framework:

Table 1: Consolidated Overview of the 2019/2020 MTREF

	Adjustment Budget 2018/2019	Budget Year 2019/2020
Total Operating Revenue	95 414 525	109 847 633
Total Operating Expenditure	113 705 408	121 195 237
	-18 290 883	-11 347 605

Total operating revenue has grown by 15.13 per cent from 2018/2019 to 2019/2020. The increase in the items will be explained in other tables in this document.

Total operating expenditure has grown by 7.00 per cent from 2018/2019 to 2019/2020.

1.1. Operating Revenue Framework

For the Hantam Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure 85 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

Table 2: Summary of Revenue Classified by main revenue source

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. Rates and service charge revenues comprise more than half of the total revenue mix. In the 2019/20 financial year, revenue from rates and services charges totals to R80 456 633 and the funds receive from grants total to R29 391 000. This growth can be mainly attributed to the increased share that the sale of electricity contributes and the implementation of the new valuation roll to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

NC065 Hantam - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		27 258	23 726	23 947	26 133	26 133	26 133	28 311	29 019	30 902
Local Government Equitable Share		20 662	20 774	21 047	22 818	22 818	22 818	24 746	27 049	28 932
Finance Management		1 800	1 825	1 900	1 970	1 970	1 970	1 970	1 970	1 970
EPWP Incentive		1 153	1 127	1 000	1 345	1 345	1 345	1 595	-	-
Integrated National Electrification Programme		2 713	-	-	-	-	-	-	-	-
Municipal Systems Improvement		930	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]							-	-	-	-
Provincial Government:		1 413	1 702	1 237	1 080	1 080	1 080	1 080	1 229	1 229
Sport and Recreation		1 413	-	-	-	-	-	-	-	-
Library Grant			1 702	1 237	1 080	1 080	1 080	1 080	1 229	1 229
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	28 671	25 428	25 184	27 213	27 213	27 213	29 391	30 248	32 131

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The proposed percentage increases of Eskom bulk tariffs are 9.41 per cent.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

1.1.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2008 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties up to 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R41 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). State department granted 20 per cent discount of the value of a property.
- Discount for agriculture is 35 per cent due to the fact that no services are rendered.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2019/20 financial year based on the new valuation roll from 1 July 2019 is contained below:

Table 1: Comparison of proposed rates to levied for the 2019/2020 financial year

Category	Proposed tariff (from 1 July 2018)	Proposed tariff (from 1 July 2019)
	C	C
Residential properties	0.012663045252	0.0134228280
State owned properties	0.012663045252	0.0134228280
Business & Commercial	0.012663045252	0.0136246757
Agricultural	0.000835329105	0.0008770955
Vacant land	0.012663045252	0.0134228280
Municipal rate-able	-	
Industrial	0.012663045252	0.0136246757
Non-permitted use	-	
Public benefit organization properties	0.012663045252	0.0134228280

Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

A tariff increase of 10 per cent from 1 July 2019 for the basic levy for water is proposed and the water usage increase with 10 per cent on households and 10 per cent on Businesses. We proposing eliminating the block of 0-3kl. Therefore charging will be from 0-6kl.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 2 Proposed Water Tariffs

CATEGORY	PROPOSED TARIFFS 2018/19	PROPOSED TARIFFS 2019/20
	Rand per kℓ	Rand per kℓ
Basic Fee	89.98	98.98
0 – 6kl (Indigents)		
0 – 3KL	N/A	N/A
0 – 6KL	6.55	7.21
6 – 30KL	7.15	7.87
30 – 40KL	7.35	8.09
40 – 60KL	7.84	8.62
60kl and more	7.95	8.75
More than 30KL in water restriction times	49.50	49.50
More than 45KL in water restriction times	71.50	71.50

Sale of Electricity and Impact of Tariff Increases

NERSA has proposed the revised bulk electricity pricing structure of 15.63 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2019.

Our proposed tariff increase in the sale of electricity is 9.41 per cent.

All indigents will receive 50 kWh free of charge.

The municipality will introduce for the first time Block tariffs that will range as follows:

Block 1: 0-50Kwh
 Block 2: 51-350kwh
 Block 3: 350-600Kwh

Block 4: >601Kwh

This will be split between household as well businesses.

DOMESTIC CONVENTIONAL

TARIFFS	c/kWh	2019/2020
0 – 50	169.00	185.00
51 – 350	170.00	186.00
351 – 600	171.00	187.00
601 +	173.00	189.00

COMMERCIAL CONVENTIONAL 30A

TARIFFS	c/kWh	2019/2020
0 – 50	173.00	189.00
51 – 350	174.00	190.00
351 – 600	176.00	192.00
601 +	178.00	195.00

COMMERCIAL CONVENTIONAL 60A

TARIFFS	c/kWh	2019/2020
0 – 50	178.00	195.00
51 – 350	179.00	196.00
351 – 600	180.00	197.00
601 +	181.00	198.00

DOMESTIC PREPAID

Energy Charge	173.00	2019/2020	189.00
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Sanitation

A tariff increase of 10 per cent is proposed.

CATEGORY	CURRENT TARIFFS 2018/2019	PROPOSED TARIFFS 2019/2020
Monthly levy	59.38	65.32
Request for pump	166.27	182.90
Linked to Sewerage System	54.63	60.09

Solid Waste

A tariff increase of 10 per cent is proposed. Currently solid waste removal is operating at a deficit. The reason is that we split Sanitation and Solid Waste for the blue/green drop purposes and with the split certain challenges were experienced.

CATEGORY	CURRENT TARIFFS 2018/2019	PROPOSED TARIFFS 2019/2020
Tariff per month	110.42	121.46
Indigents	Free	Free

For the effect of the new tariffs see the table SA14 for Household Bills

NC065 Hantam - Supporting Table SA14 Household bills											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20 % incr.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		-	428.17	455.58	479.73	479.73	479.73	6.0%	611.86		
Electricity: Basic levy		-	361.28	368.07	393.25	452.81	452.81	9.4%	495.37		
Electricity: Consumption		-	731.60	745.76	796.77	780.61	780.61	9.4%	852.11		
Water: Basic levy		-	77.62	85.45	91.43	89.98	89.98	10.0%	98.98		
Water: Consumption		-	91.53	139.68	149.46	93.18	93.18	10.0%	102.54		
Sanitation		-	53.00	56.39	59.38	59.38	59.38	10.0%	65.32		
Refuse removal		-	95.47	104.86	110.42	106.61	106.61	10.0%	117.27		
Other		-	-	-	-	-	-				
sub-total		-	1 838.67	1 955.79	2 080.43	2 062.29	2 062.29	12.6%	2 343.45	-	-
VAT on Services		-	197.47	210.03	241.12	237.39	237.39		259.74		
Total large household bill:		-	2 036.14	2 165.82	2 321.55	2 299.68	2 299.68	12.1%	2 603.19	-	-
% increase/decrease			-	6.4%	7.2%	(0.9%)	-		13.2%	(100.0%)	-
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		-	428.17	666.42	701.74	701.74	701.74				
Electricity: Basic levy		-	361.28	368.07	393.25	393.25	393.25				
Electricity: Consumption		-	775.00	790.00	844.04	844.04	844.04				
Water: Basic levy		-	77.62	85.45	91.43	91.43	91.43				
Water: Consumption		-	132.90	146.18	156.41	156.41	156.41				
Sanitation		-	53.00	56.39	59.38	59.38	59.38				
Refuse removal		-	95.47	104.86	110.42	110.42	110.42				
Other		-	-	-	-	-	-				
sub-total		-	1 923.44	2 217.37	2 356.66	2 356.66	2 356.66	(100.0%)	-	-	-
VAT on Services		-	209.34	217.13	249.28	249.28					
Total small household bill:		-	2 132.78	2 434.50	2 605.94	2 605.94	2 356.66	(100.0%)	-	-	-
% increase/decrease			-	14.1%	7.0%	-	(9.6%)		(100.0%)	-	-
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates		-	-	-	-	-	-	6.0%	-		
Electricity: Basic levy		-	-	-	-	-	-	9.4%	-		
Electricity: Consumption		-	-	-	-	-	-	9.4%	-		
Water: Basic levy		-	77.62	85.45	91.43	91.43	91.43	10.0%	98.98		
Water: Consumption		-	6.87	7.56	8.09	8.09	8.09	10.0%	35.58		
Sanitation		-	53.00	56.39	59.38	59.38	59.38	10.0%	65.32		
Refuse removal		-	95.33	104.86	110.42	110.42	110.42	10.0%	117.27		
Other		-	48.76	51.88	54.63	54.63	54.63	10.0%	60.09		
sub-total		-	281.58	306.14	323.95	323.95	323.95	16.5%	377.24	-	-
VAT on Services		-	39.42	42.86	49.01	49.01	49.01	#NAME?	56.59		
Total small household bill:		-	321.00	349.00	372.96	372.96	372.96	16.3%	433.83	-	-
% increase/decrease			-	8.7%	6.9%	-	-		16.3%	(100.0%)	-

1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme aligned to the asset renewal strategy and backlog eradication plan

The following table is a high level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure):

Expenditure By Type												
Employee related costs	2	35 020	35 738	39 968	41 314	39 390	39 390	39 390	41 914	44 136	46 760	
Remuneration of councillors		2 570	2 720	3 032	3 255	3 084	3 084	3 084	3 356	3 580	3 818	
Debt impairment	3	5 943	7 747	10 874	12 981	12 981	12 981	12 981	9 512	10 026	10 567	
Depreciation & asset impairment	2	6 035	7 386	8 997	8 042	7 159	7 159	7 159	9 144	8 957	9 152	
Finance charges		2 735	2 846	2 787	2 186	2 201	2 201	2 201	2 241	2 287	2 096	
Bulk purchases	2	19 304	17 205	20 464	24 211	25 100	25 100	25 100	29 024	30 591	32 243	
Other materials	8	1 154	981	1 773	2 178	2 491	2 491	2 491	2 448	2 580	2 720	
Contracted services		9 226	8 706	11 400	9 132	10 361	10 361	10 361	12 101	12 755	13 443	
Transfers and subsidies		226	247	4	158	50	50	50	60			
Other expenditure	4, 5	7 148	8 831	7 411	9 919	10 886	10 886	10 886	11 395	12 010	12 659	
Loss on disposal of PPE		-	-	(2 553)	-	-	-	-	-	-	-	
Total Expenditure		89 360	92 408	104 157	113 376	113 705	113 705	113 705	121 195	126 921	133 457	
Surplus/(Deficit)		(13 214)	(14 699)	(23 334)	(18 735)	(18 291)	(18 291)	(18 291)	(11 349)	(11 872)	(11 945)	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		17 175	32 948	89 981	61 837	59 617	59 617	59 617	51 963	19 223	20 486	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions		3 960	18 249	66 647	43 102	41 326	41 326	41 326	40 615	7 351	8 541	
Taxation		-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after taxation		3 960	18 249	66 647	43 102	41 326	41 326	41 326	40 615	7 351	8 541	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) attributable to municipality		3 960	18 249	66 647	43 102	41 326	41 326	41 326	40 615	7 351	8 541	
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) for the year		3 960	18 249	66 647	43 102	41 326	41 326	41 326	40 615	7 351	8 541	

The budgeted allocation for employee related costs for the 2019/2020 year totals R41 914 291 which equals 34,58 per cent of the total operating expenditure. Based on the three year agreement, salary increases have been factored into this budget at a percentage increase of 6.5 per cent plus a notch increase of 2.5 per cent. Employees who are already on the top notch will only receive the 6.5 per cent increase.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

The provision of debt impairment was determined based on an annual collection rate of 85 % per cent and the Debt Write-off Policy of the municipality.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital) and the interest for the rehabilitation of landfill sites and GRAP compliance in connection with long-service and post-retirement.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprises of amongst others the purchase of materials for maintenance, cleaning materials and chemicals. In line with the municipality repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the municipality's infrastructure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

Repairs and Maintenance

The following table presents the repairs and maintenance per asset class

NC065 Hantam - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		2 739	2 699	7 468	1 557	1 271	1 271	1 395	1 471	1 550
Roads Infrastructure		820	820	903	123	68	68	73	76	81
Roads		820	820	903	-	-	-	-	-	-
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	123	68	68	73	76	81
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	55	55	61	64	67
Drainage Collection		-	-	-	-	55	55	61	64	67
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		740	740	60	688	688	688	756	797	840
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	527	527	527	579	610	643
HV Switching Station		-	-	-	35	35	35	38	40	42
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		740	740	60	126	126	126	139	147	154
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		950	950	4 879	716	430	430	473	499	525
Dams and Weirs		-	-	-	716	430	430	473	499	525
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-
Bulk Mains		-	-	-	-	-	-	-	-	-
Distribution		950	950	4 879	-	-	-	-	-	-
Distribution Points		-	-	-	-	-	-	-	-	-
PRV Stations		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		180	180	333	-	-	-	-	-	-
Pump Station		-	-	-	-	-	-	-	-	-
Reticulation		180	180	333	-	-	-	-	-	-
Waste Water Treatment Works		-	-	-	-	-	-	-	-	-
Outfall Sewers		-	-	-	-	-	-	-	-	-
Toilet Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		49	9	1 294	30	30	30	33	35	37
Landfill Sites		49	9	1 294	-	-	-	-	-	-
Waste Transfer Stations		-	-	-	-	-	-	-	-	-
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		-	-	-	30	30	30	33	35	37
Waste Separation Facilities		-	-	-	-	-	-	-	-	-
Electricity Generation Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines		-	-	-	-	-	-	-	-	-
Rail Structures		-	-	-	-	-	-	-	-	-
Rail Furniture		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		2 739	2 699	7 468	1 557	1 271	1 271	1 395	1 471	1 550
Roads Infrastructure		820	820	903	123	68	68	73	76	81
Roads		820	820	903	-	-	-	-	-	-
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	123	68	68	73	76	81
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	55	55	61	64	67
Drainage Collection		-	-	-	-	55	55	61	64	67
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		740	740	60	688	688	688	756	797	840
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	527	527	527	579	610	643
HV Switching Station		-	-	-	35	35	35	38	40	42
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		740	740	60	126	126	126	139	147	154
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		950	950	4 879	716	430	430	473	499	525
Dams and Weirs		-	-	-	716	430	430	473	499	525
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-
Bulk Mains		-	-	-	-	-	-	-	-	-
Distribution		950	950	4 879	-	-	-	-	-	-
Distribution Points		-	-	-	-	-	-	-	-	-
PRV Stations		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		180	180	333	-	-	-	-	-	-
Pump Station		-	-	-	-	-	-	-	-	-
Reticulation		180	180	333	-	-	-	-	-	-
Waste Water Treatment Works		-	-	-	-	-	-	-	-	-
Outfall Sewers		-	-	-	-	-	-	-	-	-
Toilet Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		49	9	1 294	30	30	30	33	35	37
Landfill Sites		49	9	1 294	-	-	-	-	-	-
Waste Transfer Stations		-	-	-	-	-	-	-	-	-
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		-	-	-	30	30	30	33	35	37
Waste Separation Facilities		-	-	-	-	-	-	-	-	-
Electricity Generation Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines		-	-	-	-	-	-	-	-	-
Rail Structures		-	-	-	-	-	-	-	-	-
Rail Furniture		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-

[illegible]

Other assets		166	901	841	633	288	288	1 153	1 215	1 281
Operational Buildings		166	901	841	633	288	288	1 153	1 215	1 281
Municipal Offices		166	901	841	633	288	288	1 153	1 215	1 281
Pay/Enquiry Points		-	-	-	-	-	-	-	-	-
Building Plan Offices		-	-	-	-	-	-	-	-	-
Workshops		-	-	-	-	-	-	-	-	-
Yards		-	-	-	-	-	-	-	-	-
Stores		-	-	-	-	-	-	-	-	-
Laboratories		-	-	-	-	-	-	-	-	-
Training Centres		-	-	-	-	-	-	-	-	-
Manufacturing Plant		-	-	-	-	-	-	-	-	-
Depots		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Staff Housing		-	-	-	-	-	-	-	-	-
Social Housing		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		522	370	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		522	370	-	-	-	-	-	-	-
Water Rights		-	-	-	-	-	-	-	-	-
Effluent Licenses		-	-	-	-	-	-	-	-	-
Solid Waste Licenses		-	-	-	-	-	-	-	-	-
Computer Software and Applications		522	370	-	-	-	-	-	-	-
Load Settlement Software Applications		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	10	5	5	6	6	6
Computer Equipment		-	-	-	10	5	5	6	6	6
Furniture and Office Equipment		-	-	-	403	400	400	436	460	485
Furniture and Office Equipment		-	-	-	403	400	400	436	460	485
Machinery and Equipment		-	-	1 378	51	51	51	108	114	120
Machinery and Equipment		-	-	1 378	51	51	51	108	114	120
Transport Assets		-	478	-	3 341	3 241	3 241	3 508	3 697	3 897
Transport Assets		-	478	-	3 341	3 241	3 241	3 508	3 697	3 897
Land		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	3 814	4 837	10 069	6 424	5 705	5 705	7 103	7 486	7 891

1.6 Capital Expenditure

The following table provides a breakdown of budgeted capital expenditure by vote

NC065 Hantam - Supporting Table SA35 Future financial implications of the capital budget							
Vote Description R thousand	Ref	2019/20 Medium Term Revenue & Expenditure Framework			Forecasts		
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25 Present value
Capital expenditure	1						
Vote 1 - Executive and Council		600	-	-	-	-	-
Vote 2 - Budget and Treasury Office		80	-	-	-	-	-
Vote 3 - Corporate Services		886	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-
Vote 5 - Sport and Recreation		8 460	5 900	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-
Vote 7 - Planning and Development		7	-	-	-	-	-
Vote 8 - Road Transport		1 900	4 147	-	-	-	-
Vote 9 - Electricity		700	1 920	2 026	-	-	-
Vote 10 - Water		41 603	7 256	8 000	-	-	-
Vote 11 - Waste Water Management		-	-	10 460	-	-	-
Vote 12 - Solid Waste		1 200	-	-	-	-	-
Vote 13 - Other		-	-	-	-	-	-
Vote 14 - Environmental Health		-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-
List entity summary if applicable							
Total Capital Expenditure		55 436	19 223	20 486	-	-	-
Future operational costs by vote	2						
Vote 1 - Executive and Council		-	-	-	-	-	-
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-
Vote 8 - Road Transport		-	-	-	-	-	-
Vote 9 - Electricity		-	-	-	-	-	-
Vote 10 - Water		-	-	-	-	-	-
Vote 11 - Waste Water Management		-	-	-	-	-	-
Vote 12 - Solid Waste		-	-	-	-	-	-
Vote 13 - Other		-	-	-	-	-	-
Vote 14 - Environmental Health		-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-
List entity summary if applicable		-	-	-	-	-	-
Total future operational costs		-	-	-	-	-	-
Future revenue by source	3						
Property rates		-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-
List other revenues sources if applicable		-	-	-	-	-	-
List entity summary if applicable		-	-	-	-	-	-
Total future revenue		-	-	-	-	-	-
Net Financial Implications		55 436	19 223	20 486	-	-	-

1.7 Annual Budget Tables

Annual Budget Tables - Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/20 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

NC065 Hantam - Table A1 Budget Summary

2019/20 Medium Term Revenue & Expenditure Framework										
Description	2015/16	2016/17	2017/18	Current Year 2018/19				Budget Year	Budget Year	Budget Year
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	2019/20	+1 2020/21	+2 2021/22
R thousands										
Financial Performance										
Property rates	6 889	7 652	8 388	8 833	8 784	8 784	8 784	15 967	16 829	17 738
Service charges	37 219	39 526	38 850	53 036	53 126	53 126	53 126	58 267	61 414	64 730
Investment revenue	505	713	1 072	-	-	-	-	-	-	-
Transfers recognised - operational	25 350	25 428	25 184	27 213	27 213	27 213	27 213	29 391	30 248	32 131
Other own revenue	6 183	4 391	7 329	5 559	6 292	6 292	6 292	6 223	6 559	6 913
Total Revenue (excluding capital transfers and contributions)	76 146	77 709	80 823	94 642	95 415	95 415	95 415	109 848	115 049	121 511
Employee costs	35 020	35 738	39 968	41 314	39 390	39 390	39 390	41 914	44 136	46 760
Remuneration of councillors	2 570	2 720	3 032	3 255	3 084	3 084	3 084	3 356	3 580	3 818
Depreciation & asset impairment	6 035	7 386	8 997	8 042	7 159	7 159	7 159	9 144	8 957	9 152
Finance charges	2 735	2 846	2 787	2 186	2 201	2 201	2 201	2 241	2 287	2 096
Materials and bulk purchases	20 457	18 186	22 238	26 390	27 592	27 592	27 592	31 472	33 171	34 963
Transfers and grants	226	247	4	158	50	50	50	60	-	-
Other expenditure	22 317	25 285	27 132	32 032	34 228	34 228	34 228	33 008	34 790	36 669
Total Expenditure	89 360	92 408	104 157	113 376	113 705	113 705	113 705	121 195	126 921	133 457
Surplus/(Deficit)	(13 214)	(14 699)	(23 334)	(18 735)	(18 291)	(18 291)	(18 291)	(11 348)	(11 872)	(11 945)
Transfers and subsidies - capital (monetary allocation)	17 175	32 948	89 981	61 837	59 617	59 617	59 617	51 963	19 223	20 486
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	3 960	18 249	66 647	43 102	41 326	41 326	41 326	40 615	7 351	8 541
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	3 960	18 249	66 647	43 102	41 326	41 326	41 326	40 615	7 351	8 541
Capital expenditure & funds sources										
Capital expenditure	20 231	39 482	95 875	62 203	61 480	61 480	61 480	55 436	19 223	20 486
Transfers recognised - capital	19 862	38 612	95 383	61 403	59 183	59 183	59 183	51 963	19 223	20 486
Borrowing	-	484	-	-	-	-	-	-	-	-
Internally generated funds	369	186	492	800	2 297	2 297	2 297	3 473	-	-
Total sources of capital funds	20 231	39 482	95 875	62 203	61 480	61 480	61 480	55 436	19 223	20 486
Financial position										
Total current assets	8 283	12 034	19 104	30 733	17 574	17 574	17 574	41 313	19 912	31 721
Total non current assets	184 663	216 928	318 461	356 770	356 154	372 658	372 658	397 977	429 213	430 524
Total current liabilities	23 938	38 841	64 723	16 479	9 864	9 864	9 864	13 679	13 508	15 237
Total non current liabilities	38 288	41 151	47 012	48 621	64 236	64 236	64 236	68 864	71 521	74 372
Community wealth/Equity	130 720	148 969	225 830	322 403	299 627	316 131	316 131	356 746	364 097	372 637
Cash flows										
Net cash from (used) operating	9 425	39 394	101 092	67 024	49 526	49 526	49 526	75 009	(8 518)	25 616
Net cash from (used) investing	(11 715)	(39 100)	(94 401)	(62 203)	(61 480)	(61 480)	(61 480)	(55 436)	(19 223)	(20 486)
Net cash from (used) financing	(432)	(46)	(76)	(572)	15 043	15 043	15 043	(1 792)	60	60
Cash/cash equivalents at the year end	539	786	7 401	22 779	9 619	9 619	9 619	27 400	(280)	4 909
Cash backing/surplus reconciliation										
Cash and investments available	539	786	7 401	22 779	9 619	9 619	9 619	27 400	(280)	4 909
Application of cash and investments	12 456	25 089	48 635	6 110	(412)	(412)	(412)	(2 611)	(7 093)	(10 917)
Balance - surplus (shortfall)	(11 917)	(24 303)	(41 234)	16 669	10 031	10 031	10 031	30 011	6 813	15 827
Asset management										
Asset register summary (WDV)	184 604	216 740	318 337	356 770	356 154	372 658	372 658	397 977	429 213	430 524
Depreciation	6 035	7 386	8 997	8 042	7 159	7 159	7 159	9 144	8 957	9 152
Renewal and Upgrading of Existing Assets	-	-	477	17 606	15 386	15 386	15 386	10 470	11 967	12 486
Repairs and Maintenance	3 814	4 837	10 069	6 424	5 705	5 705	5 705	7 103	7 488	7 891
Free services										
Cost of Free Basic Services provided	-	-	6 108	6 482	7 193	7 193	8 145	8 145	8 145	8 145
Revenue cost of free services provided	4 055	4 724	7 981	15 712	15 703	15 703	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipalities budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget

Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget

NC065 Hantam - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional											
Governance and administration			26 798	26 054	30 318	29 571	30 161	30 161	38 765	42 159	45 191
Executive and council			1 789	15 103	3 690	1 998	1 998	1 998	2 066	2 163	2 266
Finance and administration			25 009	10 951	11 038	27 573	28 163	28 163	36 699	39 996	42 925
Internal audit			—	—	15 591	—	—	—	—	—	—
Community and public safety			5 673	2 035	8 295	4 206	2 102	2 102	1 487	7 389	1 503
Community and social services			5 514	1 792	1 333	1 119	1 107	1 107	1 167	1 257	1 259
Sport and recreation			159	242	6 962	3 087	995	995	320	6 132	244
Public safety			—	—	—	—	—	—	—	—	—
Housing			—	—	—	—	—	—	—	—	—
Health			—	2	—	—	—	—	—	—	—
Economic and environmental services			3 589	13 366	4 588	4 330	4 309	4 309	10 565	4 679	561
Planning and development			—	—	—	—	—	—	—	—	—
Road transport			3 529	13 366	4 585	4 330	4 309	4 309	10 565	4 679	561
Environmental protection			61	—	4	—	—	—	0	—	—
Trading services			57 260	69 202	127 603	118 371	118 459	118 459	110 993	80 045	94 742
Energy sources			24 937	25 316	25 593	30 353	30 353	30 353	33 899	36 872	38 825
Water management			20 164	31 308	81 987	65 610	65 610	65 610	56 809	23 119	24 555
Waste water management			5 494	7 609	12 467	12 896	12 895	12 895	8 728	9 116	19 985
Waste management			6 666	4 969	7 556	9 513	9 602	9 602	11 557	10 938	11 376
Other		4	—	—	—	—	—	—	—	—	—
Total Revenue - Functional		2	93 321	110 657	170 804	156 479	155 032	155 032	161 811	134 272	141 997
Expenditure - Functional											
Governance and administration			30 066	26 722	26 541	32 444	33 735	33 735	38 067	40 232	42 513
Executive and council			11 029	10 542	10 711	12 065	12 214	12 214	12 763	13 413	14 208
Finance and administration			19 037	16 180	8 454	20 379	19 551	19 551	23 299	24 540	25 901
Internal audit			—	—	7 375	—	1 970	1 970	2 005	2 279	2 405
Community and public safety			3 300	3 685	3 027	4 515	3 676	3 676	6 947	7 224	7 641
Community and social services			2 234	2 733	2 166	3 273	2 900	2 900	2 493	2 500	2 629
Sport and recreation			979	735	861	1 242	776	776	1 623	1 711	1 803
Public safety			87	36	—	—	—	—	2 831	3 013	3 209
Housing			—	—	—	—	—	—	—	—	—
Health			—	182	—	—	—	—	—	—	—
Economic and environmental services			8 640	8 179	9 956	10 835	8 889	8 889	6 784	6 946	7 321
Planning and development			773	616	1 961	1 915	1 583	1 583	2 029	1 934	2 039
Road transport			7 520	7 563	7 962	8 860	7 247	7 247	4 685	4 938	5 205
Environmental protection			346	—	33	59	59	59	69	73	77
Trading services			47 311	53 779	64 549	65 461	67 296	67 296	69 277	72 394	75 848
Energy sources			25 460	25 138	27 579	33 258	36 579	36 579	37 108	39 055	41 107
Water management			7 507	9 526	17 032	13 745	12 123	12 123	13 426	14 014	14 633
Waste water management			3 520	15 519	5 885	5 517	5 062	5 062	6 899	6 843	6 946
Waste management			10 823	3 596	14 054	12 941	13 532	13 532	11 844	12 482	13 162
Other		4	44	42	84	121	110	110	120	126	133
Total Expenditure - Functional		3	89 360	92 408	104 157	113 376	113 705	113 705	121 195	126 921	133 457
Surplus/(Deficit) for the year			3 960	18 249	66 647	43 102	41 326	41 326	40 615	7 351	8 541

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

NC065 Hantam - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Revenue by Vote	1									
Vote 1 - Executive and Council		1 905	2 174	1 902	1 998	1 998	1 998	2 066	2 163	2 266
Vote 2 - Budget and Treasury Office		11 484	10 605	21 614	11 841	11 791	11 791	19 036	19 957	20 929
Vote 3 - Corporate Services		12 806	13 422	14 017	15 648	16 372	16 372	17 579	19 949	21 903
Vote 4 - Community and Social Services		5 475	1 755	1 318	1 119	1 107	1 107	1 167	1 257	1 259
Vote 5 - Sport and Recreation		290	275	9 990	3 087	995	995	320	6 132	244
Vote 6 - Public Safety		50	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 8 - Road Transport		3 291	12 779	3 142	4 330	4 309	4 309	10 565	4 679	561
Vote 9 - Electricity		26 201	26 285	29 526	30 353	30 353	30 353	33 899	36 872	38 825
Vote 10 - Water		19 666	30 779	67 201	65 610	65 610	65 610	56 809	23 119	24 555
Vote 11 - Waste Water Management		5 445	5 403	12 578	12 896	12 895	12 895	8 728	9 116	19 985
Vote 12 - Solid Waste		6 637	7 083	9 435	9 513	9 602	9 602	11 557	10 938	11 376
Vote 13 - Other		-	-	-	-	-	-	-	-	-
Vote 14 - Environmental Health		71	95	80	84	-	-	84	89	94
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	93 321	110 657	170 804	156 479	155 032	155 032	161 811	134 272	141 997
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		9 964	12 403	10 520	12 065	13 034	13 034	13 666	14 368	15 216
Vote 2 - Budget and Treasury Office		12 148	7 361	19 933	12 390	13 656	13 656	14 704	15 626	16 470
Vote 3 - Corporate Services		7 063	6 653	9 376	9 457	8 151	8 151	10 927	11 567	12 227
Vote 4 - Community and Social Services		2 235	2 885	2 686	3 164	2 786	2 786	2 372	2 373	2 494
Vote 5 - Sport and Recreation		1 204	793	1 099	1 301	836	836	1 693	1 784	1 881
Vote 6 - Public Safety		86	36	103	109	114	114	122	127	134
Vote 7 - Planning and Development		768	616	526	447	477	477	798	605	639
Vote 8 - Road Transport		4 889	7 336	7 451	8 860	7 247	7 247	7 516	7 951	8 414
Vote 9 - Electricity		25 806	24 304	26 255	33 258	36 579	36 579	37 108	39 055	41 107
Vote 10 - Water		9 527	10 284	9 222	13 745	12 123	12 123	13 426	14 014	14 633
Vote 11 - Waste Water Management		2 975	3 220	4 225	4 719	5 062	5 062	5 672	6 020	6 391
Vote 12 - Solid Waste		11 487	14 775	11 980	12 941	13 532	13 532	11 844	12 482	13 162
Vote 13 - Other		1 057	1 559	781	920	110	110	1 347	949	688
Vote 14 - Environmental Health		150	182	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	89 360	92 408	104 157	113 376	113 705	113 705	121 195	126 921	133 457
Surplus/(Deficit) for the year	2	3 960	18 249	66 647	43 102	41 326	41 326	40 615	7 351	8 541

NC065 Hantam - Table A4 Budgeted Financial Performance (revenue and expenditure)

NC065 Hantam - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Revenue By Source											
Property rates	2	6 889	7 652	8 388	8 833	8 784	8 784	8 784	15 967	16 829	17 738
Service charges - electricity revenue	2	21 052	21 447	22 768	28 527	28 527	28 527	28 527	31 209	32 894	34 670
Service charges - water revenue	2	6 909	8 202	6 982	11 063	11 063	11 063	11 063	12 169	12 826	13 519
Service charges - sanitation revenue	2	4 763	4 909	4 412	6 534	6 534	6 534	6 534	7 187	7 575	7 984
Service charges - refuse revenue	2	4 495	4 969	4 688	6 913	7 002	7 002	7 002	7 702	8 118	8 557
Rental of facilities and equipment		161	361	350	1 088	1 096	1 096	1 096	1 103	1 162	1 225
Interest earned - external investments		505	713	1 072	-	-	-	-	-	-	-
Interest earned - outstanding debtors		1 489	1 551	1 136	1 946	1 886	1 886	1 886	1 993	2 101	2 214
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		74	25	50	34	13	13	13	13	14	14
Licences and permits		1	0	1	-	3	3	3	3	3	3
Agency services		1 281	1 344	926	809	809	809	809	500	527	555
Transfers and subsidies		25 350	25 428	25 184	27 213	27 213	27 213	27 213	29 391	30 248	32 131
Other revenue	2	3 178	1 058	2 013	1 681	2 485	2 485	2 485	2 611	2 752	2 901
Gains on disposal of PPE		-	52	2 854	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		76 146	77 709	80 823	94 642	95 415	95 415	95 415	109 848	115 049	121 511
Expenditure By Type											
Employee related costs	2	35 020	35 738	39 968	41 314	39 390	39 390	39 390	41 914	44 136	46 760
Remuneration of councillors		2 570	2 720	3 032	3 255	3 084	3 084	3 084	3 356	3 580	3 818
Debt impairment	3	5 943	7 747	10 874	12 981	12 981	12 981	12 981	9 512	10 026	10 567
Depreciation & asset impairment	2	6 035	7 386	8 997	8 042	7 159	7 159	7 159	9 144	8 957	9 152
Finance charges		2 735	2 846	2 787	2 186	2 201	2 201	2 201	2 241	2 287	2 096
Bulk purchases	2	19 304	17 205	20 464	24 211	25 100	25 100	25 100	29 024	30 591	32 243
Other materials	8	1 154	981	1 773	2 178	2 491	2 491	2 491	2 448	2 580	2 720
Contracted services		9 226	8 706	11 400	9 132	10 361	10 361	10 361	12 101	12 755	13 443
Transfers and subsidies		226	247	4	158	50	50	50	60	-	-
Other expenditure	4, 5	7 148	8 831	7 411	9 919	10 886	10 886	10 886	11 395	12 010	12 659
Loss on disposal of PPE		-	-	(2 553)	-	-	-	-	-	-	-
Total Expenditure		89 360	92 408	104 157	113 376	113 705	113 705	113 705	121 195	126 921	133 457
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(13 214)	(14 699)	(23 334)	(18 735)	(18 291)	(18 291)	(18 291)	(11 348)	(11 872)	(11 945)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6	17 175	32 948	89 981	61 837	59 617	59 617	59 617	51 963	19 223	20 486
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		3 960	18 249	66 647	43 102	41 326	41 326	41 326	40 615	7 351	8 541
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		3 960	18 249	66 647	43 102	41 326	41 326	41 326	40 615	7 351	8 541
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		3 960	18 249	66 647	43 102	41 326	41 326	41 326	40 615	7 351	8 541
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		3 960	18 249	66 647	43 102	41 326	41 326	41 326	40 615	7 351	8 541

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Revenue to be generated from property rates is R15 966 632 in the 2019/20 financial year. It remains relatively constant over the medium-term and tariff increases have been factored 6,0 per cent.
2. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality. This growth can mainly be attributed to the increase in the bulk prices of electricity.
3. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are decreasing rapidly over the MTREF. The municipality is grant dependent and is it important to increase the equitable share every year.

Figure 1 Expenditure by major type

4. Bulk purchases have significantly increased over the 2015/16 to 2019/20 period. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.

Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 8 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 9 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 10 - Water		-	27 205	70 724	44 247	44 247	44 247	44 247	41 503	7 256	8 000
Vote 11 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 12 - Solid Waste		-	-	-	-	-	-	-	-	-	-
Vote 13 - Other		-	-	-	-	-	-	-	-	-	-
Vote 14 - Environmental Health		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	27 205	70 724	44 247	44 247	44 247	44 247	41 503	7 256	8 000
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		112	-	3 040	-	-	-	-	600	-	-
Vote 2 - Budget and Treasury Office		110	186	100	130	130	130	130	80	-	-
Vote 3 - Corporate Services		-	110	175	235	235	235	235	866	-	-
Vote 4 - Community and Social Services		-	167	120	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		5 671	-	6 867	3 065	65	65	65	8 460	5 900	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-	-	7	-	-
Vote 8 - Road Transport		-	11 395	3 219	2 549	5 922	5 922	5 922	1 900	4 147	-
Vote 9 - Electricity		-	-	1 000	25	25	25	25	700	1 920	2 026
Vote 10 - Water		14 338	15	4 000	7 525	7 525	7 525	7 525	100	-	-
Vote 11 - Waste Water Management		-	404	6 630	4 427	1 834	1 834	1 834	-	-	10 460
Vote 12 - Solid Waste		-	-	-	-	1 497	1 497	1 497	1 200	-	-
Vote 13 - Other		-	-	-	-	-	-	-	-	-	-
Vote 14 - Environmental Health		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		20 231	12 277	25 151	17 956	17 233	17 233	17 233	13 933	11 967	12 486
Total Capital Expenditure - Vote		20 231	39 482	95 875	62 203	61 480	61 480	61 480	55 436	19 223	20 486
Capital Expenditure - Functional											
Governance and administration		369	670	492	365	365	365	365	1 566	-	-
Executive and council		112	-	-	-	-	-	-	600	-	-
Finance and administration		258	670	492	365	365	365	365	966	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	5 974	3 065	65	65	65	8 460	5 900	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	5 974	3 065	65	65	65	8 460	5 900	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		1 985	18 208	3 548	2 549	5 922	5 922	5 922	1 907	4 147	-
Planning and development		-	-	-	-	-	-	-	7	-	-
Road transport		1 985	18 208	3 548	2 549	5 922	5 922	5 922	1 900	4 147	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		17 877	20 604	85 861	56 224	55 128	55 128	55 128	43 503	9 176	20 486
Energy sources		-	-	477	25	25	25	25	700	1 920	2 026
Water management		14 415	20 185	79 748	51 772	51 772	51 772	51 772	41 603	7 256	8 000
Waste water management		3 462	419	5 636	4 427	1 834	1 834	1 834	-	-	10 460
Waste management		-	-	-	-	1 497	1 497	1 497	1 200	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	20 231	39 482	95 875	62 203	61 480	61 480	61 480	55 436	19 223	20 486
Funded by:											
National Government		19 862	38 812	95 383	61 403	59 183	59 183	59 183	51 963	19 223	20 486
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	19 862	38 812	95 383	61 403	59 183	59 183	59 183	51 963	19 223	20 486
Borrowing	6	-	484	-	-	-	-	-	-	-	-
Internally generated funds		369	186	492	800	2 297	2 297	2 297	3 473	-	-
Total Capital Funding	7	20 231	39 482	95 875	62 203	61 480	61 480	61 480	55 436	19 223	20 486

NC065 Hantam - Table A6 Budgeted Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
ASSETS											
Current assets											
Cash	1	485	717	7 401	22 779	9 619	9 619	9 619	27 400	(280)	4 909
Call investment deposits		54	69	—	—	—	—	—	—	—	—
Consumer debtors	1	4 712	9 479	3 398	2 100	2 100	2 100	2 100	13 828	20 104	26 718
Other debtors		2 863	1 582	8 132	5 774	5 774	5 774	5 774	—	—	—
Current portion of long-term receivables		103	132	101	—	—	—	—	—	—	—
Inventory	2	67	55	72	80	80	80	80	84	89	94
Total current assets		8 283	12 034	19 104	30 733	17 574	17 574	17 574	41 313	19 912	31 721
Non current assets											
Long-term receivables	3	59	187	124	—	—	—	—	—	—	—
Investments		—	—	—	—	—	—	—	—	—	—
Investment property		26 282	26 388	36 670	26 347	26 347	36 800	36 800	36 800	36 800	36 800
Investment in Associates		—	—	—	—	—	—	—	—	—	—
Property, plant and equipment		158 255	190 285	280 873	330 236	329 620	335 064	335 064	360 384	391 620	392 931
Biological		68	68	68	68	68	68	68	68	68	68
Intangible		—	—	725	120	120	725	725	725	725	725
Other non-current assets		—	—	—	—	—	—	—	—	—	—
Total non current assets		184 663	216 928	318 461	356 770	356 154	372 658	372 658	397 977	429 213	430 524
TOTAL ASSETS		192 946	228 962	337 564	387 503	373 727	390 231	390 231	439 290	449 125	462 246
LIABILITIES											
Current liabilities											
Bank overdraft	1	—	—	—	—	—	—	—	—	—	—
Borrowing		4	78	155	186	—	—	—	—	—	—
Consumer deposits	4	705	771	912	802	802	802	802	862	922	982
Trade and other payables		19 527	34 135	59 396	12 811	6 196	6 196	6 196	9 245	8 748	10 135
Provisions		3 628	3 780	4 228	2 866	2 866	2 866	2 866	3 572	3 838	4 120
Total current liabilities		23 938	38 841	64 723	16 479	9 864	9 864	9 864	13 679	13 508	15 237
Non current liabilities											
Borrowing		—	351	164	1 852	17 467	17 467	17 467	15 615	15 615	15 615
Provisions		38 288	40 801	46 848	46 769	46 769	46 769	46 769	53 249	55 905	58 756
Total non current liabilities		38 288	41 151	47 012	48 621	64 236	64 236	64 236	68 864	71 521	74 372
TOTAL LIABILITIES		62 226	79 992	111 735	65 100	74 100	74 100	74 100	82 544	85 029	89 608
NET ASSETS	5	130 720	148 969	225 830	322 403	299 627	316 131	316 131	356 746	364 097	372 637
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)	4	127 978	146 341	223 201	319 491	296 715	313 219	313 219	353 884	361 285	369 875
Reserves		2 742	2 628	2 628	2 912	2 912	2 912	2 912	2 862	2 812	2 762
TOTAL COMMUNITY WEALTH/EQUITY	5	130 720	148 969	225 830	322 403	299 627	316 131	316 131	356 746	364 097	372 637

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position

NC065 Hantam - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		5 575	6 078	7 804	7 066	7 055	7 055	7 055	12 773	13 463	14 190
Service charges		36 617	33 685	34 566	46 832	46 869	46 869	46 869	52 097	49 131	51 784
Other revenue		1 867	1 666	5 384	3 485	3 310	3 310	3 310	4 113	4 225	4 453
Government - operating	1	25 948	24 202	25 158	27 213	27 213	27 213	27 213	29 391	30 248	32 131
Government - capital	1	16 579	32 731	95 642	61 837	59 617	59 617	59 617	51 963	19 223	20 486
Interest		505	713	1 072	1 719	-	-	-	1 782	1 681	1 772
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(77 408)	(59 655)	(68 448)	(81 128)	(94 538)	(94 538)	(94 538)	(77 110)	(126 489)	(99 200)
Finance charges		(32)	(27)	(82)	-	-	-	-	-	-	-
Transfers and Grants	1	(226)	-	(4)	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		9 425	39 394	101 092	67 024	49 526	49 526	49 526	75 009	(8 518)	25 616
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		221	(158)	94	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(11 936)	(38 942)	(94 495)	(62 203)	(61 480)	(61 480)	(61 480)	(55 436)	(19 223)	(20 486)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(11 715)	(39 100)	(94 401)	(62 203)	(61 480)	(61 480)	(61 480)	(55 436)	(19 223)	(20 486)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		73	66	79	60	60	60	60	60	60	60
Payments											
Repayment of borrowing		(506)	(113)	(155)	(632)	14 983	14 983	14 983	(1 852)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(432)	(46)	(76)	(572)	15 043	15 043	15 043	(1 792)	60	60
NET INCREASE/ (DECREASE) IN CASH HELD		(2 723)	247	6 615	4 249	3 089	3 089	3 089	17 781	(27 681)	5 190
Cash/cash equivalents at the year begin:	2	3 261	539	786	18 530	6 530	6 530	6 530	9 619	27 400	(280)
Cash/cash equivalents at the year end:	2	539	786	7 401	22 779	9 619	9 619	9 619	27 400	(280)	4 909

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

NC065 Hantam - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	539	786	7 401	22 779	9 619	9 619	9 619	27 400	(280)	4 909
Other current investments > 90 days		(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	0	0
Non current assets - investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		539	786	7 401	22 779	9 619	9 619	9 619	27 400	(280)	4 909
Application of cash and investments											
Unspent conditional transfers		1 478	36	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	10 978	25 053	48 635	6 110	(412)	(412)	(412)	(2 611)	(7 093)	(10 917)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		12 456	25 089	48 635	6 110	(412)	(412)	(412)	(2 611)	(7 093)	(10 917)
Surplus(shortfall)		(11 917)	(24 303)	(41 234)	16 669	10 031	10 031	10 031	30 011	6 813	15 827

Explanatory notes to Table A8 – Cash backed reserves/Accumulate surplus reconciliation

1. The cash backed/accumulate surplus reconciliation is the measurement in determining if the budget is funded.
2. It shows the accumulation of budgeted cash and working capital requirements to show a surplus or shortfall to indicate a funded or unfunded budget.

Part 2 – Supporting Documentation

Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August) a time schedule that sets out the process to revise the IDP and prepare the budget.

IDP and Service Delivery and Budget Implementation Plan

The municipalities IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

Financial Modeling and Key Planning Drivers

As part of the compilation of the 2018/19 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2018/19 MTREF:

- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- Cash Flow Management Strategy
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51,54,67, 70,74,75,78,79,82,85,8, 89,91, 93 and 94 has been taken into consideration in the planning and prioritisation process.

Community Consultation

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

Table 3 IDP Strategic Objectives

2018/19 MTREF	2019/20 MTREF
1. Provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure

2.	Economic growth and development that leads to sustainable job creation	2.	Economic growth and development that leads to sustainable job creation
3.1	Fight poverty and build clean, healthy, safe and sustainable communities	3.1	Fight poverty and build clean, healthy, safe and sustainable communities
3.2	Integrated Social Services for empowered and sustainable communities	3.2	Integrated Social Services for empowered and sustainable communities
4.	Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service	4.	Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5.1	Promote sound governance	5.1	Promote sound governance
5.2	Ensure financial sustainability	5.2	Ensure financial sustainability
5.3	Optimal institutional transformation to ensure capacity to achieve set objectives	5.3	Optimal institutional transformation to ensure capacity to achieve set objectives

The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide roads and storm water;
 - Maintaining the infrastructure of the municipality.
- 3.2 Integrated Social Services for empowered and sustainable communities
 - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing the municipality in the revenue management strategy.
- 5.1 Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
 - Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
 - Review of the organizational structure to optimize the use of personnel;

The 2019/20 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure. Table 4MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and must implement a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

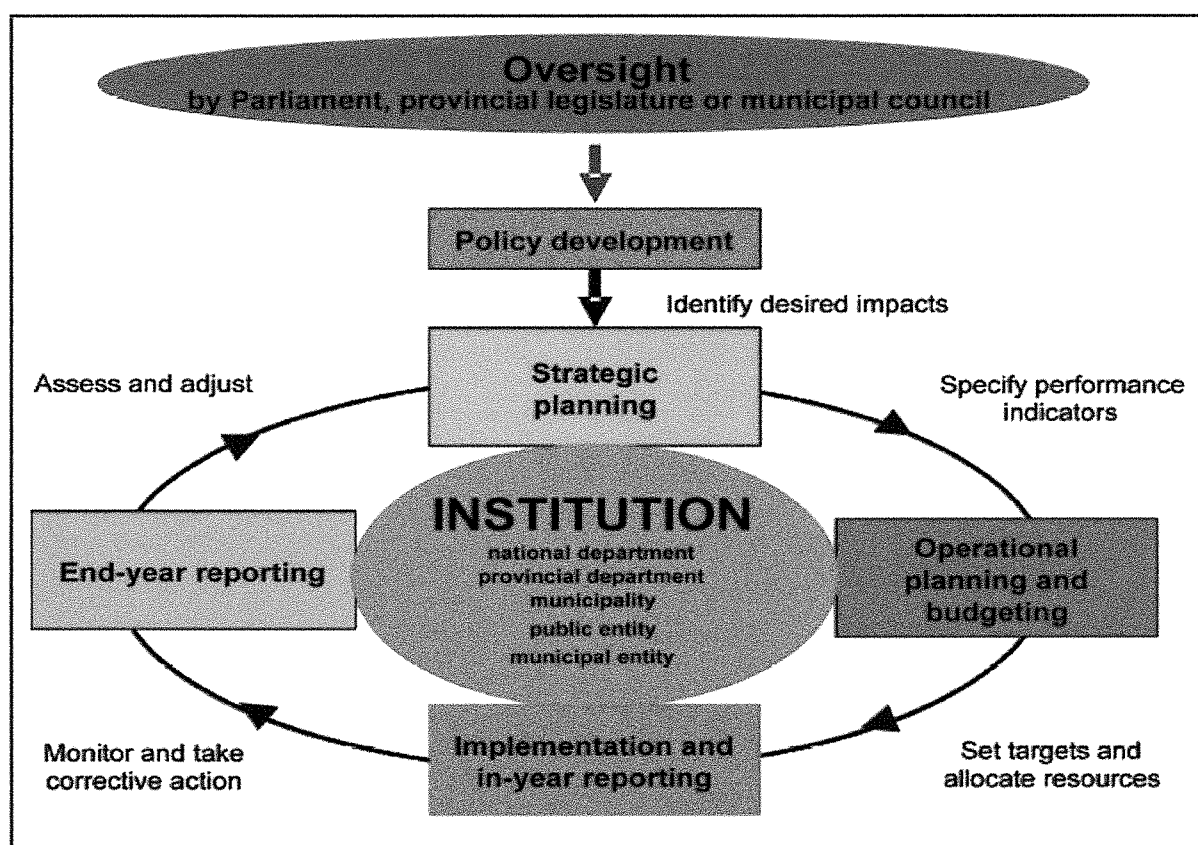


Figure 2 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

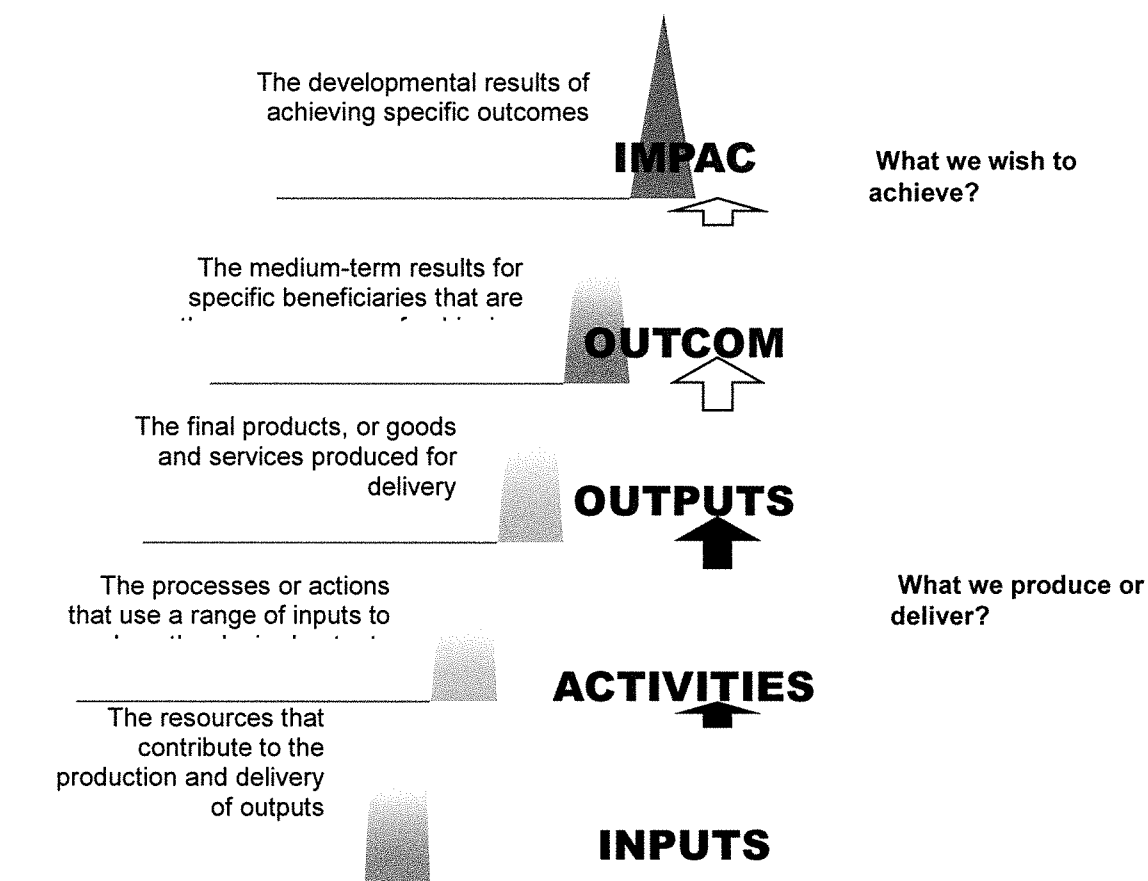


Figure 3 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

The following table sets out the municipalities main performance objectives and benchmarks for the 2018/19 MTREF.

NC065 Hantam - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Borrowing Management											
Credit Rating		0	0	0	0	0	0	0			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.6%	3.2%	2.8%	2.5%	-11.2%	-11.2%	-11.2%	3.4%	1.8%	1.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6.4%	5.7%	5.3%	4.2%	-18.7%	-18.7%	-18.7%	5.1%	2.7%	2.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	13.3%	6.3%	63.6%	599.8%	599.8%	599.8%	545.6%	555.3%	565.3%
Liquidity											
Current Ratio	Current assets/current liabilities	0.3	0.3	0.3	1.9	1.8	1.8	1.8	3.0	1.5	2.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.3	0.3	0.3	1.9	1.8	1.8	1.8	3.0	1.5	2.1
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.0	0.1	1.4	1.0	1.0	1.0	2.0	(0.0)	0.3
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		96.2%	83.9%	89.9%	87.1%	87.1%	87.1%	87.1%	87.4%	80.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		95.7%	84.3%	89.7%	87.1%	87.1%	87.1%	87.1%	87.4%	80.0%	80.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	10.2%	14.6%	14.5%	8.3%	8.3%	8.3%	8.3%	12.6%	17.5%	22.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Creditors to Cash and Investments		3279.2%	4339.1%	802.6%	56.2%	64.4%	64.4%	64.4%	33.7%	-3119.4%	206.4%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	0	0	0	0	0	0	0	0	0	0
	Total Cost of Losses (Rand '000)	4 893	3 585	-	-	-	-	-	-	-	-
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	-	-	-	-	-	-	-	-
Water Distribution Losses (2)	Total Volume Losses (kℓ)	-	-	-	-	-	-	-	-	-	-
	Total Cost of Losses (Rand '000)	1244906	2711673	0	0	0	0	0	0	0	0
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	-	-	-	-	-	-	-	-
Employee costs	Employee costs/(Total Revenue - capital revenue)	46.0%	46.0%	49.5%	43.7%	41.3%	41.3%	41.3%	38.2%	38.4%	38.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	45.9%	49.7%	50.8%	47.1%	44.5%	44.5%		41.2%	41.5%	41.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.0%	6.2%	12.5%	6.8%	6.0%	6.0%		6.5%	6.5%	6.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11.5%	13.2%	14.6%	10.8%	9.8%	9.8%	9.8%	10.4%	9.8%	9.3%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	61.5	42.6	23.7	(4.5)	(4.5)	(4.5)	18.8	47.9	47.9	50.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	17.3%	23.5%	24.4%	12.5%	12.5%	12.5%	12.5%	18.4%	25.3%	31.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.1	0.1	1.0	2.8	1.0	1.0	1.0	3.2	(0.0)	0.5

Performance indicators and benchmarks

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, borrowing strategy is primarily informed by the affordability of debt repayments.

Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.
- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1.
- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 120 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

Creditors Management

- The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation.
- The electricity distribution losses have been managed. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.
- Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases

increasing far above inflation. In real terms, repairs and maintenance has increased as part of the municipality strategy to ensure the management of its asset base.

Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2018/19 financial year 2600 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, one free drain pumping and free waste removal equivalent to 85t once a week, as well as a discount on their property rates.

Providing clean water and managing waste water

The municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider.

The following is briefly the main challenges facing the municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;

Overview of budget related-policies

The municipality budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in 2001 and must be reviewed. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed. The 2019/20 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 85 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels.

Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities.

Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

Budget Policies

The Budget Policies aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations.

Cash Management and Investment Policy

The aim of the policy is to ensure that the municipality surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

Tariff Policies

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2019/20 MTREF with the emphasis on affordability and long-term sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available at the municipality, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

Overview of budget assumptions

External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2019/20 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on municipalities residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration.

Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2018 and shall remain in force until 30 June 2021. Year three is an across the board increase of CPI plus 1.5 per cent.

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;

- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2019/20 MTREF of which performance has been factored into the cash flow budget.

Transfer of current liability to Non- Current Liability

The outstanding debt of R15 615 132 were transferred from current liabilities to non-current liabilities to comply with GRAP 1 in connection of classification of creditors outstanding more than 12 months. This transfer help the ratio between current liabilities and current assets and eventually made sure that Hantam has a funded budget.

NC085 Hantam - Supporting Table SA30 Budgeted monthly cash flow																
MONTHLY CASH FLOWS		Budget Year 2019/20											Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand																
Cash Receipts By Source		1														
Property rates	1 064	1 064	1 064	1 064	1 064	1 064	1 064	1 064	1 064	1 064	1 064	1 064	1 064	12 773	13 463	14 190
Service charges - electricity revenue	2 325	2 325	2 325	2 325	2 325	2 325	2 325	2 325	2 325	2 325	2 325	2 325	2 325	27 904	26 315	27 736
Service charges - water revenue	907	907	907	907	907	907	907	907	907	907	907	907	907	10 880	10 261	10 815
Service charges - sanitation revenue	535	535	535	535	535	535	535	535	535	535	535	535	536	6 426	6 060	6 387
Service charges - refuse revenue	574	574	574	574	574	574	574	574	574	574	574	574	574	6 887	6 495	6 845
Rental of facilities and equipment	82	82	82	82	82	82	82	82	82	82	82	82	82	986	930	980
Interest earned - external investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors	149	149	149	149	149	149	149	149	149	149	149	149	149	1 782	1 681	1 772
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	1	1	1	1	1	1	1	1	1	1	1	1	1	13	14	14
Licences and permits	0	0	0	0	0	0	0	0	0	0	0	0	0	3	3	3
Agency services	42	42	42	42	42	42	42	42	42	42	42	42	42	500	527	555
Transfer receipts - operational	2 449	2 449	2 449	2 449	2 449	2 449	2 449	2 449	2 449	2 449	2 449	2 449	2 449	29 391	30 248	32 131
Other revenue	218	218	218	218	218	218	218	218	218	218	218	218	218	2 611	2 752	2 901
Cash Receipts by Source	8 346	8 346	8 346	8 346	8 346	8 346	8 346	8 346	8 346	8 346	8 346	8 346	8 346	100 156	98 748	104 330
Other Cash Flows by Source																
Transfer receipts - capital	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	51 963	19 223	20 486
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	60	60	60	60
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	12 677	12 677	12 677	12 677	12 677	12 677	12 677	12 677	12 677	12 677	12 677	12 677	12 737	152 179	118 031	124 876
Cash Payments by Type																
Employee related costs	2 687	2 687	2 687	2 687	2 687	2 687	2 687	2 687	2 687	2 687	2 687	2 687	2 687	32 243	52 841	41 548
Remuneration of councillors	215	215	215	215	215	215	215	215	215	215	215	215	215	2 582	4 286	3 392
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	1 861	1 861	1 861	1 861	1 861	1 861	1 861	1 861	1 861	1 861	1 861	1 861	1 861	22 327	36 624	28 650
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	157	157	157	157	157	157	157	157	157	157	157	157	157	1 883	3 089	2 417
Contracted services	776	776	776	776	776	776	776	776	776	776	776	776	776	9 309	15 270	11 945
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	730	730	730	730	730	730	730	730	730	730	730	730	730	8 766	14 379	11 248
Cash Payments by Type	6 426	6 426	6 426	6 426	6 426	6 426	6 426	6 426	6 426	6 426	6 426	6 426	6 426	77 110	126 489	99 200
Other Cash Flows/Payments by Type																
Capital assets	4 470	4 470	4 470	4 470	4 470	4 470	4 470	4 470	4 470	4 470	4 470	4 470	6 270	55 436	19 223	20 486
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	1 852	1 852	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	10 895	10 895	10 895	10 895	10 895	10 895	10 895	10 895	10 895	10 895	10 895	10 895	14 547	134 398	145 712	119 686
NET INCREASE/(DECREASE) IN CASH HELD	1 781	1 781	1 781	1 781	1 781	1 781	1 781	1 781	1 781	1 781	1 781	1 781	(1 811)	17 781	(27 681)	5 190
Cash/cash equivalents at the monthly year begin:	9 619	11 400	13 181	14 962	16 743	18 525	20 306	22 087	23 868	25 649	27 430	29 211	9 619	27 400	20 400	(280)
Cash/cash equivalents at the monthly year end:	11 400	13 181	14 962	16 743	18 525	20 306	22 087	23 868	25 649	27 430	29 211	27 400	27 400	27 400	(280)	4 909

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

NC065 Hantam Supporting Table SA10 Funding measurement

NC065 Hantam Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	539	786	7 401	22 779	9 619	9 619	9 619	28 693	3 015	10 312
Cash + investments at the yr end less applications - R'000	18(1)b	2	(11 917)	(24 303)	(41 234)	16 669	10 031	10 031	10 031	32 026	10 708	21 701
Cash year end/monthly employee/supplier payments	18(1)b	3	0.1	0.1	1.0	2.8	1.0	1.0	1.0	3.5	0.3	1.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	4 180	18 363	66 697	43 152	41 376	41 376	41 376	42 581	9 169	10 451
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	1.0%	(5.9%)	25.0%	(5.9%)	(6.0%)	(6.0%)	12.3%	(0.6%)	(0.5%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	87.6%	80.4%	92.3%	85.1%	83.9%	83.9%	83.9%	85.8%	78.8%	78.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	13.5%	16.4%	23.0%	21.0%	21.0%	21.0%	21.0%	13.0%	13.0%	13.0%
Capital payments % of capital expenditure	18(1)c,(19)	8	59.0%	98.6%	98.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	45.8%	3.9%	(32.3%)	0.0%	0.0%	0.0%	73.0%	44.5%	32.4%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	219.5%	(33.7%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.4%	2.5%	3.6%	1.9%	1.7%	1.7%	1.9%	1.8%	1.7%	1.8%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Cash/cash equivalent position

The municipality forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25.

Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position.

Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for.

Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables.

Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a

renewal/rehabilitation project. Further details in this regard are contained in Table 59 MBRR SA34b.

NC065 Hantam - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		27 258	23 726	2 900	3 315	26 133	26 133	28 311	29 019	30 902
Local Government Equitable Share		20 662	20 774	–	–	22 818	22 818	24 746	27 049	28 932
Finance Management		1 800	1 825	1 900	1 970	1 970	1 970	1 970	1 970	1 970
EPWP Incentive		1 153	1 127	1 000	1 345	1 345	1 345	1 595	–	–
Integrated National Electrification Programme		2 713	–	–	–	–	–	–	–	–
Municipal Systems Improvement		930	–	–	–	–	–	–	–	–
Provincial Government:		1 413	1 702	1 237	1 080	1 080	1 080	1 080	1 229	1 229
Sport and Recreation		1 413	–	–	–	–	–	–	–	–
Library Grant		–	1 702	1 237	1 080	1 080	1 080	1 080	1 229	1 229
District Municipality:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>		–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants		28 671	25 428	4 137	4 395	27 213	27 213	29 391	30 248	32 131
Capital expenditure of Transfers and Grants										
National Government:		18 170	32 948	95 642	61 403	59 183	59 183	51 963	19 223	20 486
Municipal Infrastructure Grant (MIG)		9 542	12 272	16 716	9 656	7 436	7 436	9 760	10 047	10 460
Regional Bulk Infrastructure		8 628	20 676	65 426	44 247	44 247	44 247	21 503	7 256	8 000
Integrated National Electrification Programme		–	–	1 000	–	–	–	700	1 920	2 026
Municipal Water Infrastructure Grant		–	–	4 000	7 500	7 500	7 500	20 000	–	–
Municipal Disaster Grant		–	–	8 500	–	–	–	–	–	–
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants <i>[insert description]</i>		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>		–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		18 170	32 948	95 642	61 403	59 183	59 183	51 963	19 223	20 486
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		46 841	58 376	99 779	65 798	86 396	86 396	81 354	49 471	52 617

Councillor and employee benefits

NC065 Hantam - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		2 570	1 862	3 031	3 255	3 084	3 084	3 356	3 580	3 818
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	621	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	238	-	-	-	-	-	-	-
Sub Total - Councillors		2 570	2 720	3 031	3 255	3 084	3 084	3 356	3 580	3 818
% increase	4		5.8%	11.4%	7.4%	(5.2%)	-	8.8%	6.6%	6.7%
Senior Managers of the Municipality										
Basic Salaries and Wages		-	1 388	3 854	4 705	3 920	3 920	5 189	5 340	5 674
Pension and UIF Contributions		-	-	372	367	213	213	394	379	403
Medical Aid Contributions		-	-	755	161	970	970	1 263	1 347	1 435
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	21	350	372	300	300	380	405	432
Motor Vehicle Allowance	3	-	113	-	-	-	-	-	-	-
Cellphone Allowance	3	-	16	10	10	10	10	10	11	12
Housing Allowances	3	-	-	20	12	-	-	12	13	14
Other benefits and allowances	3	-	77	-	-	-	-	-	-	-
Payments in lieu of leave		-	25	150	159	159	159	175	187	199
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		-	1 639	5 512	5 787	5 572	5 572	7 424	7 681	8 169
% increase	4		-	236.2%	5.0%	(3.7%)	-	33.2%	3.5%	6.4%
Other Municipal Staff										
Basic Salaries and Wages		25 987	23 353	22 715	24 065	23 422	23 422	22 927	24 293	25 722
Pension and UIF Contributions		3 920	4 164	4 214	4 766	4 174	4 174	4 888	5 177	5 484
Medical Aid Contributions		1 255	1 361	731	952	699	699	790	829	877
Overtime		846	1 008	671	691	1	1	601	639	678
Performance Bonus		679	1 710	2 268	2 095	2 357	2 357	1 988	2 067	2 190
Motor Vehicle Allowance	3	1 268	1 009	934	934	1 088	1 088	1 375	1 460	1 547
Cellphone Allowance	3	-	-	51	64	57	57	58	46	49
Housing Allowances	3	183	619	438	275	336	336	165	177	188
Other benefits and allowances	3	3	-	-	-	-	-	-	-	-
Payments in lieu of leave		295	426	-	-	-	-	-	-	-
Long service awards		-	-	185	166	166	166	182	205	218
Post-retirement benefit obligations	6	(2 044)	599	304	1 518	1 518	1 518	1 518	1 562	1 637
Sub Total - Other Municipal Staff		32 391	34 248	32 512	35 527	33 818	33 818	34 490	36 455	38 591
% increase	4		5.7%	(5.1%)	9.3%	(4.8%)	-	2.0%	5.7%	5.9%
Total Parent Municipality		34 961	38 608	41 054	44 569	42 475	42 475	45 271	47 716	50 577
			10.4%	6.3%	8.6%	(4.7%)	-	6.6%	5.4%	6.0%
TOTAL SALARY, ALLOWANCES & BENEFITS		34 961	38 608	41 054	44 569	42 475	42 475	45 271	47 716	50 577
% increase	4		10.4%	6.3%	8.6%	(4.7%)	-	6.6%	5.4%	6.0%
TOTAL MANAGERS AND STAFF	5,7	32 391	35 888	38 024	41 314	39 390	39 390	41 914	44 136	46 760

NC065 Hantam - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - Executive and Council																
Vote 2 - Budget and Treasury Office																
Vote 3 - Corporate Services																
Vote 4 - Community and Social Services																
Vote 5 - Sport and Recreation																
Vote 6 - Public Safety																
Vote 7 - Planning and Development																
Vote 8 - Road Transport																
Vote 9 - Electricity																
Vote 10 - Water		3 467	3 467	3 467	3 467	3 467	3 467	3 467	3 467	3 467	3 467	3 467	3 367	41 503	7 256	8 000
Vote 11 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Solid Waste		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Environmental Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	3 467	3 467	3 467	3 467	3 467	3 467	3 467	3 467	3 467	3 467	3 467	3 367	41 503	7 256	8 000
Single-year expenditure to be appropriated																
Vote 1 - Executive and Council		50	50	50	50	50	50	50	50	50	50	50	50	600	-	-
Vote 2 - Budget and Treasury Office		7	7	7	7	7	7	7	7	7	7	7	7	80	-	-
Vote 3 - Corporate Services		74	74	74	74	74	74	74	74	74	74	74	74	886	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		705	705	705	705	705	705	705	705	705	705	705	705	8 460	5 900	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		1	1	1	1	1	1	1	1	1	1	1	1	7	-	-
Vote 8 - Road Transport		108	108	108	108	108	108	108	108	108	108	108	108	1 900	4 147	-
Vote 9 - Electricity		58	58	58	58	58	58	58	58	58	58	58	58	700	1 920	2 026
Vote 10 - Water		-	-	-	-	-	-	-	-	-	-	-	100	100	-	-
Vote 11 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	10 460
Vote 12 - Solid Waste		-	-	-	-	-	-	-	-	-	-	-	1 200	1 200	-	-
Vote 13 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Environmental Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	1 003	1 003	1 003	1 003	1 003	1 003	1 003	1 003	1 003	1 003	1 003	2 903	13 933	11 967	12 486
Total Capital Expenditure	2	4 470	4 470	4 470	4 470	4 470	4 470	4 470	4 470	4 470	4 470	4 470	6 270	55 436	19 223	20 486

NC065 Hantam - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional																
<i>Governance and administration</i>		3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	38 765	42 159	45 191
Executive and council		172	172	172	172	172	172	172	172	172	172	172	172	2 066	2 163	2 266
Finance and administration		3 058	3 058	3 058	3 058	3 058	3 058	3 058	3 058	3 058	3 058	3 058	3 058	36 699	39 996	42 925
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		124	124	124	124	124	124	124	124	124	124	124	124	1 487	7 389	1 503
Community and social services		97	97	97	97	97	97	97	97	97	97	97	97	1 167	1 257	1 259
Sport and recreation		27	27	27	27	27	27	27	27	27	27	27	27	320	6 132	244
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		880	880	880	880	880	880	880	880	880	880	880	880	10 565	4 679	561
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		880	880	880	880	880	880	880	880	880	880	880	880	10 565	4 679	561
Environmental protection		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>Trading services</i>		9 249	9 249	9 249	9 249	9 249	9 249	9 249	9 249	9 249	9 249	9 249	9 249	110 993	80 045	94 742
Energy sources		2 825	2 825	2 825	2 825	2 825	2 825	2 825	2 825	2 825	2 825	2 825	2 825	33 899	36 872	38 825
Water management		4 734	4 734	4 734	4 734	4 734	4 734	4 734	4 734	4 734	4 734	4 734	4 734	56 809	23 119	24 555
Waste water management		727	727	727	727	727	727	727	727	727	727	727	727	8 728	9 116	19 985
Waste management		963	963	963	963	963	963	963	963	963	963	963	963	11 557	10 938	11 376
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional		13 484	13 484	13 484	13 484	13 484	13 484	13 484	13 484	13 484	13 484	13 484	13 484	161 811	134 272	141 997
Expenditure - Functional																
<i>Governance and administration</i>		3 172	3 172	3 172	3 172	3 172	3 172	3 172	3 172	3 172	3 172	3 172	3 172	38 067	40 232	42 513
Executive and council		1 064	1 064	1 064	1 064	1 064	1 064	1 064	1 064	1 064	1 064	1 064	1 064	12 763	13 413	14 208
Finance and administration		1 942	1 942	1 942	1 942	1 942	1 942	1 942	1 942	1 942	1 942	1 942	1 942	23 299	24 540	25 901
Internal audit		167	167	167	167	167	167	167	167	167	167	167	167	2 005	2 279	2 405
<i>Community and public safety</i>		579	579	579	579	579	579	579	579	579	579	579	579	6 947	7 224	7 641
Community and social services		208	208	208	208	208	208	208	208	208	208	208	208	2 493	2 500	2 629
Sport and recreation		135	135	135	135	135	135	135	135	135	135	135	135	1 623	1 711	1 803
Public safety		236	236	236	236	236	236	236	236	236	236	236	236	2 831	3 013	3 209
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		565	565	565	565	565	565	565	565	565	565	565	565	6 784	6 946	7 321
Planning and development		169	169	169	169	169	169	169	169	169	169	169	169	2 029	1 934	2 039
Road transport		390	390	390	390	390	390	390	390	390	390	390	390	4 685	4 936	5 205
Environmental protection		6	6	6	6	6	6	6	6	6	6	6	6	69	73	77
<i>Trading services</i>		5 773	5 773	5 773	5 773	5 773	5 773	5 773	5 773	5 773	5 773	5 773	5 773	69 277	72 394	75 848
Energy sources		3 092	3 092	3 092	3 092	3 092	3 092	3 092	3 092	3 092	3 092	3 092	3 092	37 108	39 055	41 107
Water management		1 119	1 119	1 119	1 119	1 119	1 119	1 119	1 119	1 119	1 119	1 119	1 119	13 426	14 014	14 633
Waste water management		575	575	575	575	575	575	575	575	575	575	575	575	6 899	6 843	6 946
Waste management		987	987	987	987	987	987	987	987	987	987	987	987	11 844	12 482	13 162
Other		10	10	10	10	10	10	10	10	10	10	10	10	120	126	133
Total Expenditure - Functional		10 100	10 100	10 100	10 100	10 100	10 100	10 100	10 100	10 100	10 100	10 100	10 099	121 195	126 921	133 457
Surplus/(Deficit) before assoc.		3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	40 615	7 351	8 541
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	40 615	7 351	8 541

NC065 Hantam - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional																
<i>Governance and administration</i>		131	131	131	131	131	131	131	131	131	131	131	131	1 566	-	-
Executive and council		50	50	50	50	50	50	50	50	50	50	50	50	600	-	-
Finance and administration		81	81	81	81	81	81	81	81	81	81	81	81	966	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		705	705	705	705	705	705	705	705	705	705	705	705	8 460	5 900	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		705	705	705	705	705	705	705	705	705	705	705	705	8 460	5 900	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		109	109	109	109	109	109	109	109	109	109	109	109	1 907	4 147	-
Planning and development		1	1	1	1	1	1	1	1	1	1	1	1	7	-	-
Road transport		108	108	108	108	108	108	108	108	108	108	108	108	1 900	4 147	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		3 525	3 525	3 525	3 525	3 525	3 525	3 525	3 525	3 525	3 525	3 525	4 725	43 503	9 176	20 486
Energy sources		58	58	58	58	58	58	58	58	58	58	58	58	700	1 920	2 026
Water management		3 467	3 467	3 467	3 467	3 467	3 467	3 467	3 467	3 467	3 467	3 467	3 467	41 603	7 256	8 000
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	10 460
Waste management		-	-	-	-	-	-	-	-	-	-	-	1 200	1 200	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	2	4 470	4 470	4 470	4 470	4 470	4 470	4 470	4 470	4 470	4 470	4 470	6 270	55 436	19 223	20 486
Funded by:																
National Government		4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	51 963	19 223	20 486
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	51 963	19 223	20 486
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		139	139	139	139	139	139	139	139	139	139	139	1 939	3 473	-	-
Total Capital Funding		4 470	4 470	4 470	4 470	4 470	4 470	4 470	4 470	4 470	4 470	4 470	6 270	55 436	19 223	20 486

2.3 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance of the municipality.
2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department and to obtain the minimum competency levels.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
The Hantam Municipality established an Audit Committee.
5. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the municipality training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 1197 of 28 May 2008. The ratios as prescribed in the Regulations have been complied with.

NC665 Nantam - Supporting Table SAT Supporting detail to 'Budgeted Financial Performance'

C065 Nantam - Supporting Table SAT supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2016/17	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		7 540	8 358	9 150	16 888	16 830	16 830	16 830	15 967	16 829	17 738
Less Revenue Foregone (assumptions, reductions and rebates and impermissible values in excess of section 17 of MPRSA)		651	716	762	8 055	8 046	8 046	8 046	8 784	16 829	17 738
Net Property Rates		6 889	7 643	8 388	8 833	8 784	8 784	8 784	7 183	16 829	17 738
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		21 678	22 412	24 077	29 535	29 926	29 926	29 926	31 956	33 541	35 418
Less Revenue Foregone (in excess of 50 kwh per indigent household per month)		626	865	688	736	736	736	736	747	747	747
Less Cost of Free Basic Services (50 kwh per indigent household per month)		—	—	820	863	863	863	863	747	747	747
Net Service charges - electricity revenue		21 052	21 547	23 289	28 827	28 927	28 927	28 927	31 209	32 804	34 671
Service charges - water revenue	6										
Total Service charges - water revenue		7 860	9 232	11 999	16 431	17 143	17 143	17 143	15 256	15 823	16 935
Less Revenue Foregone (in excess of 8 kilolitres per indigent household per month)		951	1 031	2 541	2 826	2 826	2 826	2 826	—	—	—
Less Cost of Free Basic Services (8 kilolitres per indigent household per month)		—	—	2 277	2 543	2 255	2 255	2 255	3 036	3 036	3 036
Net Service charges - water revenue		6 909	8 202	9 382	11 063	11 063	11 063	11 063	12 169	12 787	13 899
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		5 678	5 915	6 970	9 227	9 227	9 227	9 227	8 728	9 116	9 522
Less Revenue Foregone (in excess of free sanitation services to indigent households)		913	1 006	1 421	1 496	1 496	1 496	1 496	—	—	—
Less Cost of Free Basic Services (free sanitation services to indigent households)		—	—	1 137	1 187	1 187	1 187	1 187	1 541	1 541	1 541
Net Service charges - sanitation revenue		4 765	4 909	5 549	7 731	7 731	7 731	7 731	7 187	7 575	7 981
Service charges - refuse revenue	6										
Total refuse removal revenue		5 408	5 974	9 131	11 590	11 680	11 680	11 680	10 522	10 938	11 378
Total landfill revenue		—	—	—	—	—	—	—	—	—	—
Less Revenue Foregone (in excess of one removal a week to indigent households)		913	1 006	2 468	2 539	2 539	2 539	2 539	—	—	—
Less Cost of Free Basic Services (removed once a week to indigent households)		—	—	1 974	2 079	2 079	2 079	2 079	2 819	2 819	2 819
Net Service charges - refuse revenue		4 495	4 968	6 663	9 051	9 092	9 092	9 092	7 703	8 119	8 559
Other Revenue by source											
Fuel Levy		—	—	—	—	—	—	—	—	—	—
Other Revenue		2 629	405	—	—	—	—	—	—	—	—
Sales of Goods and Rendering of Services		270	330	321	244	344	344	344	342	360	380
Administrative Handling Fees		15	10	1 892	1 436	2 140	2 140	2 140	2 289	2 381	2 520
Breakages and Losses Recovered		2	0	1	—	0	0	0	—	—	—
Request for Information		0	0	—	—	—	—	—	—	—	—
Self Recoveries		—	—	—	—	—	—	—	—	—	—
Management Fee		263	282	—	—	—	—	—	—	—	—
Total 'Other' Revenue	1	3 176	1 038	2 915	2 681	2 485	2 485	2 485	2 631	2 752	2 901
EXPENDITURE ITEMS:											
Employee related costs	2										
Basic Salaries and Wages		28 516	24 685	28 922	28 789	27 341	27 341	27 341	28 115	29 632	31 396
Pension and U/F Contributions		3 920	4 164	4 586	5 133	4 387	4 387	4 387	5 283	5 556	5 888
Medical Aid Contributions		1 255	1 381	1 486	1 114	1 969	1 969	1 969	2 053	2 175	2 312
Overtime		846	1 008	731	591	1	1	1	601	630	678
Performance Bonus		679	1 731	2 136	2 467	2 657	2 657	2 657	2 368	2 472	2 622
Motor Vehicle Allowance		1 268	1 121	933	934	1 068	1 068	1 068	1 375	1 405	1 541
Carphone Allowance		—	—	58	75	67	67	67	66	57	66
Housing Allowances		163	619	467	287	336	336	336	177	190	202
Other benefits and allowances		3	—	—	—	—	—	—	—	—	—
Payments in lieu of leave		295	451	500	159	159	159	159	170	187	196
Long service awards		—	—	100	166	166	166	166	182	205	216
Postretirement benefit obligations		(2 044)	599	304	1 518	1 518	1 518	1 518	1 518	1 562	1 623
Less: Provisions made in respect of	5	35 520	35 738	38 968	41 314	38 380	38 380	38 380	41 914	44 136	46 783
Total Employee related costs	1	35 520	35 738	38 968	41 311	38 380	38 380	38 380	41 914	44 136	46 783
Contributions recognised - capital											
Less contributions by contract		—	—	—	—	—	—	—	—	—	—
Total Contributions recognised - capital		—	—	—	—	—	—	—	—	—	—
Depreciation & Asset Impairment											
Depreciation of Property, Plant & Equipment		6 035	7 386	8 967	8 042	7 159	7 159	7 159	9 144	9 957	9 152
Lease amortisation		—	—	—	—	—	—	—	—	—	—
Capital asset impairment		—	—	—	—	—	—	—	—	—	—
Depreciation resulting from revaluation of PPE		—	—	—	—	—	—	—	—	—	—
Total Depreciation & asset impairment	10	6 035	7 386	8 967	8 042	7 159	7 159	7 159	9 144	9 957	9 152
Bulk purchases											
Electricity Bulk Purchases		19 216	17 184	20 358	24 100	25 100	25 100	25 100	29 024	30 581	32 242
Water Bulk Purchases		88	21	105	111	—	—	—	—	—	—
Total bulk purchases	1	19 304	17 205	20 463	24 211	25 100	25 100	25 100	29 024	30 581	32 242
Transfers and grants											
Cash transfers and grants		—	—	—	—	—	—	—	80	—	—
Non-cash transfers and grants		228	247	4	158	50	50	50	—	—	—
Total transfers and grants	1	228	247	4	158	50	50	50	80	—	—
Contracted services											
Contractors		7 012	6 793	7 003	5 843	5 543	5 543	5 543	8 976	9 402	9 971
Outsourced Services		605	774	1 003	871	1 417	1 417	1 417	1 335	1 431	1 448
Consultants and Professional Services		1 609	1 140	926	1 199	3 362	3 362	3 362	1 787	1 884	1 982
Allowances to organs of state:	1	9 226	8 706	11 486	9 133	10 361	10 361	10 361	12 101	12 755	13 443
Electricity		—	—	—	—	—	—	—	—	—	—
Water		—	—	—	—	—	—	—	—	—	—
Sanitation		—	—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—	—
Total contracted services		9 226	8 706	11 486	9 133	10 361	10 361	10 361	12 101	12 755	13 443
Other Expenditure By Type											
Collection costs		—	—	560	—	—	—	—	—	—	—
Contributions to 'other' provisions		—	—	—	—	—	—	—	—	—	—
Consultant fees		—	—	—	—	—	—	—	—	—	—
Audit fees		2 273	2 428	1 205	1 264	2 232	2 232	2 232	2 455	2 587	2 729
General expenses	3	0	587	1 201	1 172	1 172	1 172	1 172	1 246	1 301	1 371
Advertising, Publicity and Marketing		239	361	120	126	104	104	104	116	123	126
Entertainment		10	6	—	11	11	11	11	10	11	11
Communication		479	414	589	661	516	516	516	562	593	624
Printing, Publications and Books		460	383	674	871	864	864	864	951	986	1 022
Travel and Subsistence		1 034	1 050	1 235	1 810	1 839	1 839	1 839	2 061	2 172	2 256
Wet Fuel		—	—	—	—	—	—	—	—	—	—
External Computer Services		257	247	310	140	89	89	89	95	100	100
Learnerships and Internships		120	147	—	195	586	586	586	520	551	584
Professional Bodies, Membership and Subscription		200	263	—	500	500	500	500	500	521	555
Insurance Underwriting		331	349	432	455	429	429	429	466	481	516
Workmen's Compensation Fund		212	223	—	212	212	212	212	225	237	250
Remuneration to Ward Committees		59	196	300	316	203	203	203	305	318	332
Skills Development Fund Levy		254	286	—	360	360	360	360	400	422	444
Operating Leases		421	434	415	211	211	211	211	211	222	234
Contract and Delivery Services		41	53	—	64	57	57	57	61	64	68
Uniform and Protective Clothing		123	138	176	186	186	186	186	197	208	219
Bank Charges, Facility and Card Fees		166	228	200	474	474	474	474	502	529	556
Commission		372	357	—	786	670	670	670	716	746	786
Deeds		26	34	—	32	32	32	32	35	37	38
Signage		37	39	—	68	68	68	68	72	76	81
Licences		—	—	3	3	3	3	3	3	3	3
Bad Debt Written Off		—	—	—	—	—	—	—	—	—	—
Total 'Other' Expenditure	1	7 148	8 831	7 411	9 918	10 884	10 884	10 884	11 381	12 010	12 658
Repairs and Maintenance											
Employee related costs	8	—	—	—	—	—	—	—	—	—	—
Other materials		—	—	—	—	—	—	—	212	224	236
Contracted Services		3 814	4 837	10 069	6 424	5 705	5 705	5 705	6 818	7 186	7 574
Other Expenditure		—	—	—	—	—	—	—	—	—	—
Total Repairs and Maintenance Expenditure	9	3 814	4 837	10 069	6 424	5 705	5 705	5 705	7 038	7 416	7 811

NC065 Hantam - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)																
Description	Ref	Vote 1 - Executive and Council	Vote 2 - Budget and Treasury Office	Vote 3 - Corporate Services	Vote 4 - Community and Social Services	Vote 5 - Sport and Recreation	Vote 6 - Public Safety	Vote 7 - Planning and Development	Vote 8 - Road Transport	Vote 9 - Electricity	Vote 10 - Water	Vote 11 - Waste Water Management	Vote 12 - Solid Waste	Vote 13 - Other	Vote 14 - Environment al Health	Total
R thousand	1															
Revenue By Source																
Property rates		-	15 967	-	-	-	-	-	-	-	-	-	-	-	-	15 967
Service charges - electricity revenue		-	-	-	-	-	-	-	-	31 209	-	-	-	-	-	31 209
Service charges - water revenue		-	-	-	-	-	-	-	-	-	12 169	-	-	-	-	12 169
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	7 187	-	-	-	7 187
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	7 702	-	-	7 702
Rental of facilities and equipment		-	-	1 068	-	35	-	-	-	-	-	-	-	-	-	1 103
Interest earned - external investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors		-	-	750	-	-	-	-	-	1 243	-	-	-	-	-	1 993
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	8	-	-	-	5	-	-	-	-	-	-	13
Licences and permits		-	-	3	-	-	-	-	-	-	-	-	-	-	0	3
Agency services		-	-	-	-	-	-	-	500	-	-	-	-	-	-	500
Other revenue		-	1 099	1 224	19	185	-	-	-	-	-	-	-	-	84	2 611
Transfers and subsidies		2 066	1 970	14 535	1 140	100	-	-	300	747	3 137	1 541	3 855	-	-	29 391
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		2 066	19 038	17 579	1 187	320	-	-	805	33 198	15 306	8 728	11 587	-	84	109 648
Expenditure By Type																
Employee related costs		4 435	8 939	6 887	1 649	718	1	731	3 969	1 542	5 009	3 438	4 556	-	-	41 914
Remuneration of councillors		3 356	-	-	-	-	-	-	-	-	-	-	-	-	-	3 356
Debt impairment		-	-	-	-	-	-	-	-	4 121	2 417	1 435	1 539	-	-	9 512
Depreciation & asset impairment		-	1 984	420	159	375	1	-	620	1 047	2 559	-	1 013	966	-	9 144
Finance charges		164	32	8	27	-	-	-	2	-	3	-	1 737	258	-	2 241
Bulk purchases		-	-	-	-	-	-	-	-	29 024	-	-	-	-	-	29 024
Other materials		20	-	64	148	187	46	-	1 151	36	691	22	15	69	-	2 448
Contracted services		675	2 534	1 583	45	193	34	1	1 142	1 117	2 164	405	2 205	3	-	12 101
Transfers and subsidies		60	-	-	-	-	-	-	-	-	-	-	-	-	-	60
Other expenditure		4 956	1 215	1 965	344	219	40	67	632	221	583	371	739	41	-	11 395
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		13 666	14 704	10 927	2 372	1 693	122	798	7 518	37 108	13 428	5 872	11 844	1 347	-	121 195
Surplus/(Deficit)		(11 600)	4 331	6 652	(1 205)	(1 373)	(122)	(798)	(6 711)	(3 908)	1 880	3 056	(287)	(1 347)	84	(11 348)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	-	-	-	-	-	9 780	700	41 503	-	-	-	-	51 983
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(11 600)	4 331	6 652	(1 205)	(1 373)	(122)	(798)	3 069	(3 208)	43 383	3 056	(287)	(1 347)	84	40 615

2.3 Funded Budget

Hantam Municipality has compiled a funded budget as per SA10 – Funding Measurement as well as A8: Cash Backed Reserve/ Accumulated surplus reconciliation

NC065 Hantam Supporting Table SA10 Funding measurement

NC065 Hantam Supporting Table SA10 Funding measurement													
Description	MFMA section	Ref	2015/18	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
Funding measures													
Cash/Cash equivalents at the year end - R'000	18(1)(b)	1	539	786	7 401	22 778	9 619	9 619	9 619	27 400	(280)	4 909	
Cash - investments at the year end less applications - R'000	18(1)(b)	2	(11 917)	(24 303)	(41 234)	16 669	10 031	10 031	10 031	30 011	6 813	15 827	
Cash year end/monthly employee/supplier payments	18(1)(b)	3	0.1	0.1	1.0	2.8	1.0	1.0	1.0	3.2	(0.0)	0.0	
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	4 180	18 363	66 697	43 152	41 376	41 376	41 376	40 665	7 401	8 591	
Service charge rev. % change - macro CPIK target exclusive	18(1)(a)(2)	5	N.A.	1.0%	(5.9%)	25.0%	(5.9%)	(6.0%)	(6.0%)	13.9%	(0.6%)	(0.6%)	
Cash receipts % of Ratepayer & Other revenue	18(1)(a)(2)	6	87.6%	80.4%	92.3%	85.1%	83.9%	83.9%	83.9%	85.7%	78.8%	78.6%	
Debt impairment expense as a % of total billable revenue	18(1)(a)(2)	7	13.5%	16.4%	23.0%	21.0%	21.0%	21.0%	21.0%	12.8%	12.8%	12.8%	
Capital payments % of capital expenditure	18(1)(c)(1)	8	59.0%	98.6%	98.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)(c)	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Grants % of Govt. legislated/gazetted allocations	18(1)(a)	10								100.0%	100.0%	100.0%	
Current consumer debtors % change - inc/(dec)	18(1)(a)	11	N.A.	45.8%	3.9%	(32.3%)	0.0%	0.0%	0.0%	75.6%	45.4%	32.9%	
Long term receivables % change - inc/(dec)	18(1)(a)	12	N.A.	219.5%	(33.7%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
R&M % of Property, Plant & Equipment	20(1)(v)(i)	13	2.4%	2.5%	3.6%	1.9%	1.7%	1.7%	1.7%	2.0%	1.9%	2.0%	
Asset renewal % of capital budget	20(1)(v)(i)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
References													
1. Positive cash balances indicative of minimum compliance - subject to 2													
2. Deduct cash and investment applications (defined) from cash balances													
3. Indicative of sufficient liquidity to meet average monthly operating payments													
4. Indicative of funded operational requirements													
5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)													
6. Realistic average cash collection forecasts as % of annual billed revenue													
7. Realistic average increase in debt impairment (doubtful debt) provision													
8. Indicative of planned capital expenditure level & cash payment timing													
9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing													
10. Substantiation of National/Province allocations included in budget													
11. Indicative of realistic current arrears debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)													
12. Indicative of realistic long term arrears debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)													
13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection													
14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection													
Supporting indicators													
% inc/total service charges (incl prop rates)	18(1)(a)		7.0%	0.1%	31.0%	0.1%	0.0%	0.0%	0.0%	19.9%	5.4%	5.4%	
% inc/Property Tax	18(1)(a)		11.1%	9.6%	5.3%	(0.6%)	0.0%	0.0%	0.0%	81.8%	5.4%	5.4%	
% inc/Service charges - electricity revenue	18(1)(a)		1.9%	6.2%	25.3%	0.0%	0.0%	0.0%	0.0%	9.4%	5.4%	5.4%	
% inc/Service charges - water revenue	18(1)(a)		18.7%	(14.9%)	58.5%	(0.0%)	0.0%	0.0%	0.0%	10.0%	5.4%	5.4%	
% inc/Service charges - sanitation revenue	18(1)(a)		3.1%	(10.1%)	48.1%	0.0%	0.0%	0.0%	0.0%	10.0%	5.4%	5.4%	
% inc/Service charges - refuse removal	18(1)(a)		10.5%	(5.0%)	47.4%	1.3%	0.0%	0.0%	0.0%	10.0%	5.4%	5.4%	
% inc/Incr	18(1)(a)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total billable revenue	18(1)(a)		44 108	47 178	47 238	61 869	61 910	61 910	61 910	74 234	78 243	82 468	
Service charges			44 108	47 178	47 238	61 869	61 910	61 910	61 910	74 234	78 243	82 468	
Property rates			6 889	7 652	6 388	8 833	8 784	8 784	8 784	15 967	16 829	17 738	
Service charges - electricity revenue			21 052	21 447	22 768	28 527	28 527	28 527	28 527	31 209	32 894	34 670	
Service charges - sanitation revenue			4 763	4 909	4 412	6 534	6 534	6 534	6 534	7 187	7 575	7 984	
Service charges - refuse removal			4 495	4 969	4 688	6 913	7 002	7 002	7 002	7 702	8 118	8 557	
Service charges - other			161	361	350	1 068	1 096	1 096	1 096	1 103	1 162	1 225	
Rental of facilities and equipment			369	670	492	800	2 297	2 297	2 297	3 473	—	—	
Capital expenditure excluding capital grant funding			44 059	41 430	47 754	57 383	57 234	57 234	57 234	68 983	68 819	70 427	
Cash receipts from ratepayer	18(1)(a)		50 291	51 516	51 713	67 429	68 202	68 202	68 202	80 457	84 801	89 380	
Ratepayer & Other revenue	18(1)(a)		3 809	3 645	374	(3 881)	(3 881)	(3 881)	(3 881)	5 954	6 275	6 614	
Change in consumer debtors (current and non-current)	18(1)(a)		42 525	58 376	115 165	89 050	86 830	86 830	86 830	81 354	49 471	52 617	
Operating and Capital Grant Revenue	20(1)(v)(i)		20 231	39 482	95 875	62 203	61 480	61 480	61 480	55 436	19 223	20 486	
Capital expenditure - total	20(1)(v)(i)		—	—	—	—	—	—	—	—	—	—	
Capital expenditure - renewal	20(1)(v)(i)		—	—	—	—	—	—	—	—	—	—	
Supporting benchmarks													
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%	
DoRA operating grants total MFY										28 311	29 019	30 902	
DoRA capital grants total MFY										51 963	19 223	20 486	
Provincial operating grants										1 080	1 229	1 229	
Provincial capital grants										—	—	—	
District Municipality grants										—	—	—	
Total gazetted/advised national, provincial and district grants										81 354	49 471	52 617	
Average annual collection rate (arrears inclusive)										—	—	—	
DoRA operating													
Local Government Equitable Share										24 746	27 049	28 932	
Finance Management										1 970	1 970	1 970	
EPWP Incentive										1 595	—	—	
Integrated National Electrification Programme										—	—	—	
										28 311	29 019	30 902	
DoRA capital													
Municipal Infrastructure Grant (MIG)										9 760	10 047	10 460	
Regional Bulk Infrastructure										21 503	7 256	8 000	
Integrated National Electrification Programme										700	1 920	2 026	
Municipal Water Infrastructure Grant										20 000	—	—	
										51 963	19 223	20 486	
Trend													
Change in consumer debtors (current and non-current)			3 809	3 645	374	(3 881)	5 954	6 275	6 614	—	—	—	
Total Operating Revenue													
			78 146	77 709	80 823	94 642	95 415	95 415	95 415	109 848	115 049	121 511	
Total Operating Expenditure													
			89 360	92 408	104 157	113 376	113 705	113 705	113 705	121 195	126 921	133 457	
Operating Performance Surplus/(Deficit)													
			(13 214)	(14 699)	(23 334)	(18 735)	(18 291)	(18 291)	(18 291)	27 400	(11 872)	(11 945)	
Cash and Cash Equivalents (30 June 2012)													
Revenue													
% Increase in Total Operating Revenue			2.1%	4.0%	17.1%	0.8%	0.0%	0.0%	0.0%	15.1%	4.7%	5.6%	
% Increase in Property Rates Revenue			11.1%	9.6%	5.3%	(0.6%)	0.0%	0.0%	0.0%	81.8%	5.4%	5.4%	
% Increase in Electricity Revenue			1.9%	6.2%	25.3%	0.0%	0.0%	0.0%	0.0%	9.4%	5.4%	5.4%	
% Increase in Property Rates & Services Charges			7.0%	0.1%	31.0%	0.1%	0.0%	0.0%	0.0%	19.9%	5.4%	5.4%	
Expenditure													
% Increase in Total Operating Expenditure			3.4%	12.7%	8.9%	0.3%	0.0%	0.0%	0.0%	6.6%	4.7%	5.1%	
% Increase in Employee Costs			2.1%	11.8%	3.4%	(4.7%)	0.0%	0.0%	0.0%	6.4%	5.3%	5.9%	
% Increase in Electricity Bulk Purchases			(10.5%)	18.5%	18.4%	4.1%	0.0%	0.0%	0.0%	15.6%	5.4%	5.4%	
Average Cost Per Budgeted Employee Position (Remuneration)					13322631.67	13771334.67				235473 5451			
Average Cost Per Councillor (Remuneration)					336847 2222	361638 0667				372943 5067			
R&M % of PPE			2.4%	2.5%	3.6%	1.9%	1.7%	1.7%	1.7%	2.0%	1.9%	2.0%	
Asset Renewal and R&M as a % of PPE			2.0%	2.0%	3.0%	7.0%	6.0%	6.0%	6.0%	4.0%	5.0%	5.0%	
Debt Impairment % of Total Billable Revenue			13.5%	16.4%	23.0%	21.0%	21.0%	21.0%	21.0%	12.8%	12.8%	12.8%	
Capital Revenue													
Internally Funded & Other (R'000)			369	186	492	800	2 297	2 297	2 297	3 473	—	—	
Borrowing (R'000)			—	484	—	—	—	—	—	—	—	—	
Grant Funding and Other (R'000)			19 852	38 812	95 383	61 403	59 183	59 183	59 183	51 963	19 223	20 486	
Internally Generated funds % of Non Grant Funding			100.0%	27.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%	
Borrowing % of Non Grant Funding			0.0%	72.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Grant Funding % of Total Funding			98.2%	98.3%	99.5%	98.7%	98.3%	98.3%	98.3%	55.7%	100.0%	100.0%	
Capital Expenditure													
Total Capital Programme (R'000)			20 231	39 482	95 875	62 203	61 480	61 480	61 480	55 438	19 223	20 486	
Asset Renewal			—	—	477	17 606	15 386	15 386	15 386	10 470	11 967	12 486	
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.5%	28.3%	25.0%	25.0%	25.0%	18.9%	62.3%	60.9%	
Cash													
Cash Receipts % of Rate Payer & Other			87.6%	80.4%	92.3%	85.1%	83.9%	83.9%	83.9%	85.7%	78.8%	78.6%	
Cash Coverage Ratio			0	0	0	0	0	0	0	0	(0)	0	
Borrowing													
Credit Rating (2009/10)													
Capital Charges to Operating			3.6%	3.2%	2.8%	2.5%	(11.2%)	(11.2%)	(11.2%)	3.4%	1.8%	1.6%	
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Reserves													
Surplus/(Deficit)			(11 917)	(24 303)	(41 234)	16 669	10 031	10 031	10 031	30 011	6 813	15 827	
Free Services													
Free Basic Services as a % of Equitable Share			0.0%	0.0%	29.0%	28.4%	31.5%	31.5%	31.5%	32.9%	30.1%	28.2%	
Free Services as a % of Operating Revenue (excl. operational transfers)			6.0%	9.0%	14.3%	23.3%	23.0%	23.0%	23.0%	0.0%	0.0%	0.0%	
High Level Outcome of Funding Compliance													
Total Operating Revenue			76 146	77 709	80 823	94 642	95 415	95 415	95 415	109 848	115 049	121 511	
Total Operating Expenditure			89 360	92 408	104 157	113 376	113 705	113 705	113 705	121 195	126 921	133 457	
Surplus/(Deficit) Budgeted Operating Statement			(13 214)	(14 699)	(23 334)	(18 735)	(18 291)	(18 291)	(18 291)	(11 349)	(11 872)	(11 945)	
Surplus/(Deficit) Considering Reserves and Cash Backing			(24 303)	(41 234)	(66 697)	43 152	41 376	41 376	41 376	30 011	6 813	15 827	
MT REF Funded (1) / Unfunded (0)			15	0	0	1	1	1	1	1	1	1	
MT REF Funded ✓ / Unfunded ✗			15	✗	✗	✓	✓	✓	✓	✓	✓	✓	

NC065 Hantam - Table A8 Cash backed reserves/accumulated surplus reconciliation

NC065 Hantam - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	539	786	7 401	22 779	9 619	9 619	9 619	27 400	(280)	4 909
Other current investments > 90 days		(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	0	0
Non current assets - investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		539	786	7 401	22 779	9 619	9 619	9 619	27 400	(280)	4 909
Application of cash and investments											
Unspent conditional transfers		1 478	36	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	10 978	25 053	48 635	6 110	(412)	(412)	(412)	(2 611)	(7 093)	(10 917)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and Investments:		12 456	25 089	48 635	6 110	(412)	(412)	(412)	(2 611)	(7 093)	(10 917)
Surplus(shortfall)		(11 917)	(24 303)	(41 234)	16 669	10 031	10 031	10 031	30 011	6 813	15 827

Provincial Treasury conduct an analysis of Hantam Municipality's Draft Budget for 2019/2020 and came to the conclusion that Hantam has a **Funded Budget with Risk** element in terms of funding creditors in the long run.

Municipal manager's quality certificate

I, **J.I. Swartz**, municipal manager of **HANTAM Municipality**, hereby certify that **the annual budget, 2020 and supporting documentation** have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: JI SWARTZ

Municipal Manager of HANTAM MUNICIPALITY (NC065)

Signature _____



Date 30 May 2019